

MICHIGAN

Eleanor C. Lutz to be postmaster at Pullman, Mich., in place of M. I. Lutz, deceased.

MINNESOTA

Oscar Leonard Flo to be postmaster at Bricelyn, Minn., in place of M. H. Hottinger. Appointee not commissioned.

Alex C. Wahoske to be postmaster at Odessa, Minn. Office became Presidential July 1, 1937.

MISSOURI

Charles Grover Macke to be postmaster at Jackson, Mo., in place of C. W. Medley. Appointee deceased.

NEVADA

Zoe Anderson to be postmaster at Ruth, Nev., in place of C. E. Hutton, resigned.

NEW JERSEY

C. Melvin Johnson, Jr., to be postmaster at Highlands, N. J., in place of J. P. Adair. Incumbent's commission expired February 9, 1936.

NEW YORK

Raymond H. LaClair to be postmaster at Huntington, N. Y., in place of R. L. McBrien. Incumbent's commission expired March 22, 1936. (Removed without prejudice.)

William J. Holbert to be postmaster at Morrisville, N. Y., in place of K. T. Webber. Incumbent's commission expired July 13, 1936.

Francis X. Desmond to be postmaster at Niagara University, N. Y., in place of H. H. Gaff, resigned.

NORTH CAROLINA

Samuel T. Stough to be postmaster at Davidson, N. C., in place of S. T. Stough. Incumbent's commission expired January 31, 1938.

Carroll E. Kramer to be postmaster at Edenton, N. C., in place of C. E. Kramer. Incumbent's commission expired January 31, 1938.

Clarence W. Boshamer to be postmaster at Gastonia, N. C., in place of C. W. Boshamer. Incumbent's commission expired February 1, 1938.

OHIO

Harry D. Arnold to be postmaster at Leetonia, Ohio., in place of H. D. Arnold. Incumbent's commission expired February 1, 1938.

Marjorie Marie Harrison to be postmaster at Malta, Ohio, in place of M. B. Strahl, resigned.

Harry E. Miller to be postmaster at New Concord, Ohio, in place of H. E. Miller. Incumbent's commission expired January 30, 1938.

Anna Mary Tesi to be postmaster at Yorkville, Ohio, in place of M. A. Brooks, deceased.

OKLAHOMA

William F. Goff to be postmaster at Jones, Okla. Office became Presidential July 1, 1937.

OREGON

Willis F. Coffey to be postmaster at North Portland, Oreg., in place of J. D. Kennedy, removed.

PUERTO RICO

Vicenta Correa to be postmaster at Vega Baja, P. R., in place of T. M. Lopez, removed.

SOUTH CAROLINA

Palmer A. Matthews to be postmaster at Winnsboro, S. C., in place of P. A. Matthews. Incumbent's commission expired February 1, 1938.

TENNESSEE

Hollis M. Caldwell to be postmaster at Lookout Mountain, Tenn., in place of H. M. Caldwell. Incumbent's commission expired January 31, 1938.

Ethel H. Stanfield to be postmaster at Signal Mountain, Tenn., in place of E. H. Stanfield. Incumbent's commission expired January 31, 1938.

Phil W. Campbell to be postmaster at Tiptonville, Tenn., in place of P. W. Campbell. Incumbent's commission expired January 31, 1938.

TEXAS

James Thomas Coleman to be postmaster at Livingston, Tex., in place of W. C. Bigby, removed.

WEST VIRGINIA

Jeremiah W. Dingess to be postmaster at Huntington, W. Va., in place of J. W. Dingess. Incumbent's commission expired January 31, 1938.

WISCONSIN

Arthur C. Finder to be postmaster at Ableman, Wis., in place of G. A. Fey, removed.

SENATE

MONDAY, FEBRUARY 14, 1938

(Legislative day of Wednesday, January 5, 1938)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, February 11, 1938, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and request a roll call in order to secure one.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hughes	Pepper
Andrews	Copeland	Johnson, Calif.	Pittman
Ashurst	Davis	Johnson, Colo.	Pope
Austin	Dieterich	King	Radcliffe
Bailey	Donahay	La Follette	Reames
Bankhead	Duffy	Lee	Reynolds
Barkley	Ellender	Lewis	Russell
Berry	Frazier	Logan	Schwartz
Bilbo	George	Loung	Schwellenbach
Bone	Gerry	Lundeen	Sheppard
Borah	Gibson	McAdoo	Shipstead
Bridges	Gillette	McGill	Smith
Brown, Mich.	Glass	McKellar	Thomas, Okla.
Brown, N. H.	Green	McNary	Thomas, Utah
Bulkley	Guffey	Maloney	Townsend
Bulow	Hale	Miller	Truman
Burke	Harrison	Minton	Trydings
Byrd	Hatch	Murray	Vandenberg
Byrnes	Hayden	Neely	Van Nuys
Capper	Herring	Norris	Wagner
Caraway	Hill	Nye	Walsh
Chavez	Hitchcock	O'Mahoney	Wheeler
Clark	Holt	Overton	

Mr. LEWIS. I announce that the Senator from New Jersey [Mr. MILTON] is detained on important public business.

The Senator from Nevada [Mr. McCARRAN] is detained in his State on official business.

The Senator from New Jersey [Mr. SMATHERS] is necessarily detained.

Mr. AUSTIN. I announce that the Senator from Massachusetts [Mr. LODGE] is necessarily absent on official business.

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present.

LEAVE OF ABSENCE FOR SENATOR PITTMAN

Mr. PITTMAN. Mr. President, I ask unanimous consent of the Senate, under the rule, that I may be excused from the Senate for a week or 10 days. The Governor of my State has called a very important meeting for the 19th of February, in the capital of Nevada, to deal with an impending question that will be raised in this body affecting the power rights of the State of Nevada under the Boulder Canyon Project Act, and I feel that I should go, even though I dislike to leave at this particular time.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nevada? The Chair hears none, and the Senator's request is granted.

DRAFT OF PROPOSED LEGISLATION—RIO GRANDE RECTIFICATION PROJECT (S. DOC. NO. 149)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmit-

ting draft of a proposed provision pertaining to an existing appropriation for the Department of State (Rio Grande rectification project), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

THE ACCIDENT-PRONE DRIVER

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of Agriculture, transmitting, pursuant to law, a report entitled "The Accident-Prone Driver," being the sixth of a series of reports based upon investigations of traffic conditions and measures for their improvement, which, with the accompanying report, was referred to the Committee on Post Offices and Post Roads.

DECEMBER REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, reporting, pursuant to law, relative to the activities and expenditures of the Corporation for the month of December 1937, including a statement of loans and other authorizations made during the month, showing the name, amount, and rate of interest or dividend in each case, etc., which, with the accompanying papers, was referred to the Committee on Banking and Currency.

DECISIONS TOUCHING PROFITS OF CERTAIN AIR-MAIL CONTRACTORS

The VICE PRESIDENT laid before the Senate letters from the Secretary of the Interstate Commerce Commission, transmitting, pursuant to law, copies of two decisions by Division 3, which, with the accompanying papers, were referred to the Committee on Post Offices and Post Roads, as follows:

Decision dated January 21, 1938, in Air Mail Docket No. 37, Delta Air Corporation Rate Review, 1937, touching the profits being derived by or accruing to that corporation, contractor of air-mail route No. 24, from the rate of compensation being paid to it for transportation of air mail on that route; and

Decision dated January 22, 1938, in Air Mail Docket No. 31, Western Air Express Corporation, Rate Review, 1935-36, touching the profits being derived by or accruing to that corporation, contractor of air-mail route No. 13, from the rate of compensation paid to it for the transportation of air mail on that route.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from the Committee to Aid Chinese People, of Detroit, Mich., remonstrating against the granting of a contemplated loan of \$50,000,000 to Japanese industrialists, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Pittsburgh chapter of the Pennsylvania Society of Professional Engineers, protesting against any curtailment of Federal funds for highway purposes for the year 1939, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a resolution of Local No. 12, Workers Alliance of America, of Seattle, Wash., protesting against alleged filibustering in the Senate in connection with the consideration of the so-called antilynching bill, and favoring the enactment of social legislation, including the enactment of the antilynching bill, which was ordered to lie on the table.

He also laid before the Senate a petition of sundry citizens of Far Rockaway, Long Island, N. Y., praying for the prompt enactment of the bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by San Antonio Lodge, No. 216, Benevolent Order of Elks, of San Antonio, Tex., favoring the adoption of an adequate national defense program, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Women's International League for Peace and Freedom,

of New York City, N. Y., protesting against the making of appropriations for increased armaments, which was ordered to lie on the table.

He also laid before the Senate a petition of sundry citizens of Far Rockaway and vicinity, Long Island, N. Y., praying for the making of increased appropriations for the Works Progress Administration, which was ordered to lie on the table.

Mr. WALSH presented resolutions adopted by the Lions Club, of Barre; the joint Social Justice Councils of Greater Lawrence; the Massachusetts Department of the Italian-American World War Veterans of the United States; the Italian-American Citizenship Association, of Lawrence; and Local No. 204, International Brotherhood of Bookbinders, of Cambridge, all in the State of Massachusetts, protesting against the proposed trade agreement between the United States and Great Britain, which were referred to the Committee on Finance.

USE OF SOCIAL-SECURITY FUNDS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Finance a letter from Mr. J. R. Wetzel, of Carlisle, Pa.; a letter from Mr. D. W. Bell, Acting Director of the Budget; a statement from the Treasury Department, The Fiscal Administration of the Social Security Act; and an editorial from the Washington Post, February 14, 1938, entitled "Who Finances Work Relief?" All of these pertain to the use of social-security funds for current Government needs, including appropriations for work relief.

The VICE PRESIDENT. Is there objection?

There being no objection, the letters, statement, and editorial were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

CARLISLE, PA., January 23, 1938.

DEAR SENATOR DAVIS: Having recently learned that the second greatest source of income for the new Federal Budget is expected to be social-security taxes, will you please tell me if this item also holds second place on the expenditures side of the Budget?

Approximately what part of the Budget is made up of relief items other than social-security grants?

Is it true that if social-security taxes are being used to meet current operating expenses, the people will have to be taxed again at some later date to meet pension demands?

Yours truly,

J. R. WETZEL,
36 H Street, Carlisle, Pa.

BUREAU OF THE BUDGET,
Washington, February 11, 1938.

MY DEAR SENATOR: Receipt is acknowledged of your letter of January 27, 1938, enclosing a copy of a letter which you received from Mr. J. R. Wetzel, one of your constituents, who requests information concerning a number of matters relating to the Federal Budget and social-security taxes.

Total estimated receipts for the current fiscal year as contained in the President's Budget message of January 3, 1938, amount to \$6,320,513,000. Total taxes under titles VIII and IX of the Social Security Act are estimated at \$571,002,000 and are exceeded only by income taxes which are estimated at \$2,692,900,000 and alcoholic beverage taxes estimated at \$613,860,000.

Total expenditures, excluding debt retirements, were estimated at \$7,308,600,000, which includes estimated expenditures under the Social Security Act amounting to \$658,700,000. Other important classes of expenditures for the current fiscal year are estimated as follows:

Regular operating expenditures for the legislative, judicial, and civil establishments.....	\$827,300,000
National defense.....	957,000,000
Veterans' pensions and benefits.....	573,700,000
Interest on the public debt.....	927,000,000
Public works, including highways, reclamation, flood control, etc.....	878,100,000
Unemployment relief, including Works Progress Administration, Civilian Conservation Corps, etc.....	1,759,000,000
Agricultural Adjustment program.....	442,500,000

Taxes collected under title VIII of the Social Security Act are covered into the Treasury as internal-revenue collections (as required by section 807 (a) of the Social Security Act), just like all other revenue collections, and are included in the total revenue of the Government. These taxes are not segregated for the purpose of providing for the operations of title II (Federal old-age pensions) of the Social Security Act, or for any other purpose, but are mingled with and become a part of the general fund of the Treasury in the same manner as do the moneys received from taxes generally. Moneys in the general fund of the Treasury are available for meeting the expenditures of the Government, including

expenditures under the Social Security Act, but cannot be expended except pursuant to an appropriation by the Congress.

The Congress has appropriated \$765,000,000 to the old-age reserve account from which old-age pensions are payable. Any interest earned on investments in this account, which up to December 31, 1937, amounted to \$2,261,810.97, is also appropriated for the purposes of the account. Under section 201 (b) of the act it is the duty of the Secretary of the Treasury to invest such portion of the amounts credited to the account as is not, in his judgment, required to meet current withdrawals. It is the policy of the Treasury to invest the amounts available in the account on a monthly basis so as to spread the expenditures charged to the Budget over the year and so as to accord somewhat with the receipts under title VIII. As of December 31, 1937, \$513,100,000 in the old-age reserve account was invested in direct public-debt obligations of the United States Government, bearing interest at the rate of 3 percent per annum. The total taxes collected up to December 31, 1937, on the basis of the daily statement of the Treasury, pursuant to title VIII of the Social Security Act was about \$517,000,000. The Government securities thus held by the old-age reserve account have the same standing and are redeemed from the same sources as securities of the United States held by private investors and will be redeemed at any time by the Treasury. The proceeds of such redemption will be made immediately available to meet benefit payments authorized under the Social Security Act.

There is enclosed a copy of the daily statement of the Treasury for December 31, 1937, on page 5 of which is a preliminary statement of the public debt as of that date. You will note that included among the outstanding public-debt obligations on that date were \$513,100,000 of 3-percent Treasury notes, old-age reserve account series.

It might be pointed out that the payment of old-age benefits is only one of the classes of appropriations authorized under the Social Security Act. Appropriations for a number of other social-security purposes are also authorized by the act. There is also enclosed a copy of a statement appearing on page 5 of the daily statement of the Treasury for January 17, 1938, and which will appear monthly hereafter on the statement for the 10th day of each month, which shows, among other things, receipts and expenditures arising under the Social Security Act which affect the Federal Budget. Attention is called to the fact that this statement does not include the increased expenses of certain agencies of the Government, such as the expenses incident to the collection of social-security taxes by the Bureau of Internal Revenue, inasmuch as such expenses are merged with the regular operating expenses of the respective agencies and are not readily obtainable on the basis of the daily statement of the Treasury.

In this connection, the enclosed mimeographed memorandum, entitled "Fiscal Administration of the Social Security Act," may be of interest to you.

Very truly yours,

D. W. BELL,
Acting Director of the Budget.

HON. JAMES J. DAVIS,
United States Senate, Washington, D. C.

TREASURY DEPARTMENT,
Washington.

FISCAL ADMINISTRATION OF THE SOCIAL SECURITY ACT

The Social Security Act approved August 14, 1935, provides in titles VIII and IX for taxes upon employers and employees and also authorizes appropriations to meet expenditures for various social-security purposes. The taxes collected under the provisions of this act are covered into the Treasury to the credit of the general fund as internal-revenue taxes and expenditures for the purposes named in the act are made out of the general fund. The taxes collected and the expenditures made under authority of the Social Security Act are handled in the same manner as all other taxes and expenditures of the Federal Government.

Title II of the act provides for Federal old-age benefits. Section 201 (a) of this title creates an account in the Treasury of the United States to be known as the old-age reserve account. It authorizes to be appropriated, beginning with the fiscal year ending June 30, 1937, an amount sufficient as an annual premium to provide for old-age benefit payments, and requires that such amount shall be determined on a reserve basis in accordance with accepted actuarial principles, and upon an interest rate of 3 percent per annum compounded annually.

Old-age benefit investments

Section 201 (b) of the act places a duty upon the Secretary of the Treasury to invest such portion of the amounts credited to the old-age reserve account as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price.

The Social Security Act extended the provisions of the Second Liberty Bond Act, as amended, so as to authorize the issuance at par of special obligations exclusively to the old-age reserve account, and specifically provided that such special obligations shall bear interest at the rate of 3 percent per annum. Furthermore, the Social Security Act specifically provides that obligations other than such "special" obligations may be acquired for the old-age

reserve account only on such terms as to provide an investment yield of not less than 3 percent per annum.

In view of the fact that the market quotations on direct and guaranteed obligations of the United States during recent months have been on a basis which would not provide an investment yield of 3 percent per annum, the Treasury has in fact been limited to investing the old-age reserve appropriations in original issues at par.

When the Treasury sells its obligations to the old-age reserve account the receipts from such sales belong to the general fund of the Treasury and are treated identically in the accounts as if the obligations were sold in the market. The fact that the Treasury, instead of a bank, holds these obligations does not change the character of either the transaction or the security itself. In either event the ultimate payment of the obligation rests upon the credit of the United States.

Old-age benefit payments

Section 207 of the act provides that the Social Security Board shall from time to time certify to the Secretary of the Treasury the name and address of each person entitled to receive an old-age benefit payment, the amount of such payment, and the time at which it should be made; and the Secretary of the Treasury is required to make payment in accordance with the certification by the Social Security Board.

Under the act, such payments obviously would not and could not be paid from the particular taxes collected from employees under the Social Security Act. When such payments are certified by the Social Security Board to the Treasury Department, they will be made from the cash balance in the old-age reserve account; and in the event the cash balance should be insufficient to meet current withdrawals, it is the duty of the Secretary of the Treasury, under the act, to sell back to the General Treasury such amount of the special 3-percent interest-bearing obligations as is necessary to provide the money with which to make the payments.

Such payments will not be dependent upon the appropriation of money to the old-age reserve account (other than the current annual premium previously referred to), but the securities held in the old-age reserve account will be redeemed from money in the Treasury in the same manner as any other public-debt obligations of the United States would be redeemed.

Here again the fact that such obligations are held by the Secretary of the Treasury, instead of a bank, does not in any way affect the character of either the transaction or the security itself. The fundamental principles involved with respect to the redemption of special obligations held for the old-age reserve account are identical with the redemption of United States obligations held by the public. The payment of either rests upon the credit of the United States, and the Congress has provided the machinery for the Secretary of the Treasury to meet such obligations promptly upon redeemable or maturity dates.

The method employed to build up the old-age reserve account is not an innovation of the Secretary of the Treasury but is specifically provided for in the act of Congress approved August 14, 1935.

The procedure of investing the old-age reserve appropriation in special interest-bearing obligations of the United States is the same as that which was followed by the Government in connection with the investment of the war veterans' adjusted-service certificate fund. The Treasury met its obligations to the veterans through and to the extent of such investments when it was called upon to do so. It is also the same as the procedure which has been followed for many years in the investment of retirement funds for the benefit of Government employees.

The method has the following advantages:

1. The securities exactly fit the actuarial requirements which are by law made the basis for fixing the appropriations for the fund.
2. The bond market is not disturbed by the purchase of large blocks of securities and by a subsequent continuous pressure for the sale of securities to provide cash for the old-age reserve account to meet current withdrawals, the effect of which might be purchases on a high market and sales on a low market.
3. Commissions to brokers on the purchase and sale of Government securities are saved.
4. Administrative expenses are smaller.
5. It is not necessary for the Treasury to be continuously in the market for funds or to borrow during the regular quarterly financing periods additional cash and to carry this cash, with a consequent loss of interest, until it can be invested in Government securities on the market as and when the appropriations become available.
6. Cash demands of the old-age reserve account can be immediately satisfied by the redemption by the Treasury of the special obligations and the whole plan has greater flexibility.
7. When the heavy payments under the old-age reserve account fall due several years hence, the Treasury will be in a position to do the necessary financing to meet the conditions then existing, without being compelled to sell a quantity of miscellaneous Government securities perhaps unsuited at that time to the market and to the Treasury's program.

Unemployment trust fund

Section 904 of the Social Security Act establishes in the Treasury an unemployment trust fund to which are credited moneys deposited by the States from State unemployment funds. The requirements for investment of the moneys received into this fund are similar to the requirements with respect to the old-age reserve account, except that the required rate of yield of invest-

ments for the unemployment trust fund is governed by the average rate of interest paid on the public debt. In the light of considerations stated with respect to the old-age reserve account, investments for this fund have also been made in special obligations which at the present time bear interest at the rate of 2½ percent.

Effect on the Budget and the public debt

As stated above, the taxes collected under titles VIII and IX of the Social Security Act pass into the general fund of the Treasury. They are revenue receipts of the Government and are listed as such in the daily Treasury statement and in the Budget statements. Similarly, the expenditures for social-security purposes authorized by the act are paid out of the general fund and are accounted for as general-fund expenditures both in the daily Treasury statement and in the Budget statements. These expenditures include: (1) Administrative expenses; (2) investments in the old-age reserve account; (3) grants to States for old-age assistance, for aid to dependent children, for maternal and child welfare, for public-health work, for aid to the blind, and for unemployment-compensation administration. The total of these expenditures has exceeded by a substantial amount the revenue receipts under the act.

Moneys received from the States for the unemployment trust fund are treated differently. They do not enter into receipts or expenditures of the general fund, nor do they constitute part of the Federal Budget. These moneys are received by the Secretary of the Treasury as a custodian or trustee for investment in United States Government obligations under the terms of the Social Security Act.

The effect of the investment of social-security funds in Government securities is to transfer to the old-age reserve account and to the unemployment trust fund the ownership of an amount of Government obligations which would otherwise be held by others. The amount of the obligations held by these funds is listed as a part of the public debt. The issuance of the special obligations to these funds does not operate to reduce the total amount of the public debt, but only to effect a transfer of ownership of a part of it.

[From the Washington Post of February 14, 1938]

WHO FINANCES WORK RELIEF?

With the addition of the \$250,000,000 requested for work relief, the estimated deficit for the current fiscal year is expected to rise to at least \$1,300,000,000. If revenue returns should fall below the recently revised estimates, the deficit will probably go still higher. It is doubtful whether many people realize to what extent the relief payments which unbalance the Budget are actually borne by the employer and employee groups contributing to various pension funds established to relieve old age and provide compensation for unemployed workers.

The arguments in favor of keeping work-relief outlays to a minimum consistent with alleviation of real distress are strengthened by a survey of the sources of cash income available for Treasury use. At present the Government is deriving large revenues from social-security taxes, from taxes on railroads and their employees, levied to provide retirement pensions, and from payments into the unemployment trust fund built up by the States from pay-roll taxes.

For instance, the President estimated in his Budget message that the social-security taxes collected from employer and employee pay-roll contributions would amount to \$571,000,000 during the present fiscal year. The return from taxes on carriers and their employees was placed at \$150,000,000, while the unemployment trust fund was expected to provide about \$653,000,000 additional to be invested in Government securities.

The Government sets up reserve funds on behalf of these insured groups, the assets consisting solely of its own promises to pay. During the current year estimates indicate that approximately \$1,194,000,000 will be available for such investments—an amount somewhat smaller than the actual cash receipts from pay-roll taxes levied under the various insurance plans.

Two facts are worth noting in this budgetary picture: The taxed employers and employees are now contributing most of the cash required to meet Federal work-relief costs. Furthermore, because of the existence of the insurance reserves, the anticipated deficit of \$1,300,000,000 in the Federal Budget will be almost entirely financed by sale of Government securities to the insurance funds. Of course, present estimates may be subject to some correction, since withdrawals from the unemployment insurance trust fund may be larger than was anticipated. In case of old-age pensions, however, regular benefit payments do not begin for some years.

Hence the Treasury is able to finance its extraordinary expenditures for relief without having to borrow large sums in the open market. Secretary Morgenthau has already said that the additional relief demands would not necessitate any immediate new financing operations. The current unbalanced state of the Budget should not, therefore, arouse fears of inflationary deficit financing, because actual cash receipts at the disposal of the Treasury are almost equal to the amount of expenditures.

The comparative ease of the financing task, indeed, is one of the really serious impediments to vigorous efforts to reduce work-relief outlays. If current contributions to social-security insurance funds were offset by current payments to insured aged and unemployed workers, the Federal Government would have to face squarely the question of financing work-relief outlays either by heavy tax increases or additional borrowing in the open market.

As matters stand, it can use the cash from the pay-roll taxes to meet general expenditures and hence is indisposed to consider changes that would reduce the burden imposed upon industry by these taxes.

REPORTS OF COMMITTEES

Mr. McADOO, from the Committee on Patents, to which was referred the bill (S. 475) to establish a Court of Patent Appeals, reported it with amendments and submitted a report (No. 1367) thereon.

Mr. BAILEY, from the Committee on Claims, to which was referred the bill (S. 2967) authorizing the Comptroller General to settle and adjust the claim of Tiffany Construction Co., reported it without amendment and submitted a report (No. 1368) thereon.

He also, from the same committee, to which was referred the bill (S. 1788) for the relief of William J. Schwarze, reported it with an amendment and submitted a report (No. 1369) thereon.

Mr. SCHWARTZ, from the Committee on Claims, to which was referred the bill (S. 2566) for the relief of the Blue Rapids Gravel Co., of Blue Rapids, Kans., reported it with an amendment and submitted a report (No. 1370) thereon.

Mr. REYNOLDS, from the Committee on Military Affairs, to which was referred the bill (S. 3150) for the relief of Ernest S. Frazier, reported it without amendment and submitted a report (No. 1371) thereon.

Mr. NEELY, from the Committee on the Judiciary, to which was referred the resolution (S. Res. 207) providing for an investigation of the National Labor Relations Act by the National Labor Relations Board (submitted by Mr. BURKE December 9, 1937), reported it adversely.

ADDITIONAL COPIES OF WILDLIFE AND THE LAND—A STORY OF REGENERATION

Mr. HAYDEN. From the Committee on Printing I report back favorably, with an amendment, Senate Resolution 234, and ask unanimous consent for its immediate consideration.

There being no objection, the Senate proceeded to consider the resolution (S. Res. 234) submitted by Mr. PITTMAN on February 11, 1938, which had been reported from the Committee on Printing with an amendment.

The amendment was, on page 1, line 5, after the word "use", to strike out "5,000" and insert "3,500."

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Special Committee on Conservation of Wildlife Resources of the Senate be, and is hereby, authorized and empowered to have printed for its use 3,500 additional copies of the pamphlet entitled "Wildlife and the Land—A Story of Regeneration."

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. RUSSELL:

A bill (S. 3448) authorizing an appropriation for research and experimental work with tung trees, tung oil, and tung-tree products, and other drying oils by the Department of Agriculture and the promotion of domestic and foreign trade in drying oils by the Department of Commerce; to the Committee on Agriculture and Forestry.

By Mr. OVERTON:

A bill (S. 3449) to cancel the indebtedness, and liens, chattel mortgages, and other encumbrances securing the indebtedness on certain oat forage crop loans; to the Committee on Agriculture and Forestry.

By Mr. MINTON:

A bill (S. 3450) to amend an act entitled "An act to authorize boxing in the District of Columbia, and for other purposes"; to the Committee on the District of Columbia.

By Mr. LEWIS:

A bill (S. 3451) to construct overhead or elevated roadways to relieve congestion in areas that impede and obstruct commerce of State and interstate commerce in localities and which endanger lives and inflict injury upon persons and

property, and with a view to relieving unemployment, and to provide payments necessary, to levy appropriate tax on vehicles and property to defray expense and upkeep of construction; to the Committee on Interstate Commerce.

(Mr. McAdoo introduced Senate bill 3452, which was referred to the Committee on Banking and Currency and appears under a separate heading.)

By Mr. McKELLAR:

A bill (S. 3453) to authorize and empower the officers of the Veterans' Administration to execute, or cause to be duly executed, a lease of a parcel of land, a part of the reservation of the Veterans' Administration at Mountain Home, Tenn., to the John Sevier Chapter, a nonprofit corporation, at Johnson City, Tenn.; to the Committee on Finance.

By Mr. KING:

A joint resolution (S. J. Res. 260) authorizing the President of the United States to call an international conference to formulate measures for the reduction of armaments; ordered to lie on the table.

By Mr. HITCHCOCK:

A joint resolution (S. J. Res. 261) proposing an amendment to the Constitution of the United States relative to taxes on certain incomes; to the Committee on the Judiciary.

EXTENSION OF AUTHORITY OF DISASTER LOAN CORPORATION

Mr. McADOO. Mr. President, I ask consent to introduce a bill, for appropriate reference, to extend the lending authority of the Disaster Loan Corporation to be applied to disasters in the year 1938.

The Senate will recall that a bill was passed authorizing such loans for national disasters during the years 1936 and 1937. The recent tremendous disaster in California, due to the long-continued rains and excessive floods in the northern section of the State, make relief of this sort imperative.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the bill will be received and referred to the Committee on Banking and Currency.

The bill (S. 3452) to extend the lending authority of the Disaster Loan Corporation to apply to disasters in the year 1938 was read twice by its title and, with the accompanying paper, referred to the Committee on Banking and Currency.

CORRINE W. McCAMPBELL

Mr. McNARY submitted the following resolution (S. Res. 235), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Corrine W. McCampbell, widow of Frank A. McCampbell, late a laborer of the Senate under supervision of the Sergeant at Arms, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

CONDEMNATION OF INHUMAN METHODS OF WARFARE

Mr. CAPPER. I ask unanimous consent to submit a resolution for reference to the Committee on Foreign Relations.

There being no objection, the resolution (S. Res. 236) was referred to the Committee on Foreign Relations, as follows:

Whereas there have been numerous reports in the press concerning the use of barbaric methods of warfare in current conflicts raging abroad, as a result of which many noncombatant men, women, and children have been killed or seriously injured; and

Whereas it has been stated that communities in which there have been no military forces and which have no apparent strategic value for military purposes have been bombed or bombarded; and

Whereas the wanton destruction of lives and property as a result of such bombings and other action taken by the military and naval forces of the countries and factions involved in such conflicts is entirely incompatible with the fair rules of warfare; and

Whereas such destruction and the use of inhuman methods of warfare have shocked the people of the United States and other nations: Therefore be it

Resolved, That it is the sense of the Senate that the use of barbaric and inhuman methods of warfare should be condemned and that all nations should join in such condemnation to the end that the horrors of war may be minimized.

INVESTIGATION OF COSTS, PRICES, AND PROFITS OF PRINCIPAL COMMODITIES IN COMMERCE

Mr. BAILEY submitted a resolution (S. Res. 237), which was ordered to lie on the table, as follows:

Whereas there are persistent reports that commercial organizations, trusts, and monopolies are demanding prices of consumers

that are unjust and calculated to retard distribution and consumption and are paying prices for raw materials that discourage production; and

Whereas such reports, if true, would require action by the Congress in the regulation of commerce; and

Whereas the facts in the premises ought to be ascertained by the Congress: Now therefore be it

Resolved, That the Committee on Commerce of the Senate, or any duly authorized subcommittee thereof, be, and the same is hereby, authorized and directed to make a full investigation of costs, prices, and profits of the principal commodities of our commerce, and to report its findings and recommendations to the Senate.

For the purposes of this resolution the committee is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate in the Seventy-fifth Congress, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, documents, and other records, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

LINCOLN DAY ADDRESS BY SENATOR VANDENBERG AT MIDDLESEX CLUB, BOSTON, MASS.

[Mr. JOHNSON of California asked and obtained leave to have printed in the RECORD an address delivered by Senator VANDENBERG before the Middlesex Club at Boston, Mass., on February 12, 1938, which appears in the Appendix.]

LINCOLN DAY ADDRESS BY SENATOR AUSTIN AT UTICA, N. Y.

[Mr. GIBSON asked and obtained leave to have printed in the RECORD an address delivered by Senator AUSTIN before the Republicans of central New York State at a Lincoln Day dinner held at Utica, N. Y., on February 12, 1938, which appears in the Appendix.]

LINCOLN DAY ADDRESS BY SENATOR BRIDGES AT GRAND RAPIDS, MICH.

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD a Lincoln Day address delivered by Senator BRIDGES at the civic auditorium, Grand Rapids, Mich., on February 12, 1938, which appears in the Appendix.]

FAIR TRADE—ADDRESS BY SENATOR MILLER

[Mr. TYDINGS asked and obtained leave to have printed in the RECORD an address delivered by Senator MILLER at Philadelphia, Pa., on February 11, 1938, on the subject of Fair Trade, which appears in the Appendix.]

REORGANIZATION OF EXECUTIVE DEPARTMENTS—ADDRESS BY SENATOR BYRNES

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD a radio address delivered by Senator BYRNES on February 13, 1938, relative to the pending bill for the reorganization of the executive departments, which appears in the Appendix.]

JAPANESE INVASION OF AMERICAN FISHERIES—ADDRESS BY SENATOR SCHWELLENBACH

[Mr. MINTON asked and obtained leave to have printed in the RECORD a radio address on the Japanese invasion of American fisheries, delivered by Senator SCHWELLENBACH on February 12, 1938, which appears in the Appendix.]

THE RAILROAD SITUATION—ADDRESS BY SENATOR WHEELER

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD an address delivered by Senator WHEELER on the 8th instant before the Washington Transportation Club on the railroad situation today, which appears in the Appendix.]

PROBLEMS OF THE BROADCASTING INDUSTRY—ADDRESS BY SENATOR WHEELER

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD an address delivered today by Senator WHEELER before the National Association of Broadcasters at the Willard Hotel in the city of Washington, which appears in the Appendix.]

RIVER AND HARBOR IMPROVEMENTS—ADDRESS BY SENATOR PEPPER

[Mr. HUGHES asked and obtained leave to have printed in the RECORD an address delivered by Senator PEPPER before the Thirty-third Annual Convention of the National Rivers and Harbors Congress, January 21, 1938, at the Mayflower Hotel, Washington, D. C., which appears in the Appendix.]

AMENDMENTS TO FEDERAL HOUSING ACT—ADDRESS BY
STEWART McDONALD

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a speech delivered by Stewart McDonald, Federal Housing Administrator, over the radio on February 10, 1938, on the subject The Amendments to the Federal Housing Act, which appears in the Appendix.]

FLOWERED LAND OF FLORIDA—ARTICLE FROM NEW YORK TIMES

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article from the New York Times of Sunday, February 13, 1938, under the heading "Florida 'Boosted' in 1669 Pamphlet," which appears in the Appendix.]

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Calhoun, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 558. An act amending acts fixing the rate of payment of irrigation construction costs on the Wapato Indian irrigation project, Yakima, Wash., and for other purposes; and

S. 2194. An act to provide for the annual inspection of all motor vehicles in the District of Columbia.

AGRICULTURAL RELIEF—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

Mr. MCADOO obtained the floor.

Mr. McNARY. Mr. President, when the Senate adjourned on Friday the junior Senator from Utah [Mr. KING] had the floor.

The VICE PRESIDENT. The Chair does not find that in the RECORD.

Mr. McNARY. I wish briefly to discuss one or two phases of the bill, but do not desire to obtrude myself at this time if the Senator from Utah wishes to carry out his intention.

The VICE PRESIDENT. The Chair does not find anything in the RECORD to indicate that any one Senator had the floor. If the Chair had observed that in the RECORD, he would have acted accordingly.

Mr. McNARY. By making that statement I was only attempting to conserve the rights of the Senator from Utah. I have no objection, of course, to any Senator speaking, but I also want a little time only during the course of the day, and I will look after that.

The VICE PRESIDENT. The Chair may state, for the benefit of Senators who may not have examined the RECORD of Friday's proceedings, that when the Senate agreed to take a vote not later than 3:30 o'clock this afternoon there were statements made by several Senators expressing the hope that Senators who would speak on the subject would not use any more time than they thought absolutely necessary in discussing the matter, so that as many Senators as possible might be recognized and speak. The Chair makes that statement so that Senators may observe what seems to be sort of a gentleman's understanding.

Mr. JOHNSON of California. Mr. President—

The VICE PRESIDENT. Does the junior Senator from California yield to his colleague?

Mr. MCADOO. I yield to my colleague.

Mr. JOHNSON of California. Mr. President, there was a sort of gentleman's understanding, but, of course, that ought not to interfere with any Senator speaking upon this measure. Sometime before the close of the afternoon, only if it be possible, I myself desire to offer "a few feeble remarks" upon the bill, but I would yield to the Senator from Utah [Mr. KING] and the Senator from Minnesota [Mr. SHIPSTEAD], who, I know, desire to speak.

The VICE PRESIDENT. Let the Chair make an additional statement for the benefit of the Senate. The Senator from California [Mr. McAdoo] called the Chair this morning over the telephone and asked to be recognized. The

present occupant of the chair said that, according to the RECORD, no Senator had the floor, and that therefore he saw no reason why he should not recognize the junior Senator from California. The Senator from Minnesota [Mr. SHIPSTEAD] visited the office of the Chair this morning and said he also would like to make some remarks.

The Senator from Kentucky [Mr. BARKLEY] told the Chair this morning that he would like to have about 10 minutes. Now the Senator from Oregon [Mr. McNARY] has expressed his wish to have some time, as has the Senator from California [Mr. JOHNSON].

That is the status of requests to the Chair up to this time.

Mr. TYDINGS. Mr. President, the Senator from Maryland would like to have about 3 minutes, if convenient.

Mr. WALSH. Mr. President, my views on the pending bill are so clearly and concisely represented in two editorials, one from the Philadelphia Inquirer printed in the CONGRESSIONAL RECORD of February 11, and the other in the New York Times of this morning that, rather than take up the limited time fixed for debate by making a speech on the subject, I ask that the later editorial be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the New York Times of February 14, 1938]

REGIMENTED AGRICULTURE

Today the Senate is set to vote on the new farm bill. It will almost certainly be passed. Though as it emerged from conference it is 121 pages long, and practically a new measure compared with the widely differing bills originally passed by the Senate and the House, it will have been debated by the Senate for only a few days and by the House for just 4 hours. The House passed the measure by a vote of 263 to 135, but it is difficult to see how more than a handful of those voting had an opportunity even to read it.

Yet this is no routine bill. It puts American agriculture under a regimentation far broader and more rigid than anything undertaken by the old A. A. A. It commits the Government to an indefinite and unpredictable volume of loans and losses. One of America's oldest farm organizations, the National Grange, is opposed to it. For many features of it the Department of Agriculture itself has indicated its lack of enthusiasm. Many of the doubts concerning it are shared by the very Congressmen who are voting for the bill. But few have the courage to vote against it lest they seem to be opposed to "doing something for the farmer."

So many provisions of the bill are unsound and dangerous that it is difficult to say in advance which are likely to prove the most objectionable in practice. At the heart of the bill are the provisions for crop reduction. These apply to cotton, wheat, tobacco, corn, and rice. They are to go into effect automatically (unless in a secret referendum more than one-third of the producers voting express their opposition) whenever supplies in any one of these commodities threaten to exceed by more than a moderate percentage a designated "normal" supply. It would be difficult to imagine a year in which, under the conditions specified, at least one or another of these five major crops would not be under control.

The implications of Government crop reduction ought now to be clear to everybody. It enforces an artificial scarcity of certain commodities in order that the producers of those commodities may oblige the consumers of the country to pay higher prices for them. It encourages inefficiency by compelling the low-cost efficient farmer on good land to curtail his production by the same percentage as the high-cost inefficient farmer on poor land. It subsidizes the inefficient farmer to remain in business. Its quota system, in addition to the immense red tape it involves, treats the production of the commodity involved as a vested right. New producers, for example, in most of these commodities will be restricted to 3 percent of the total acreage allotment, though it is not clear on precisely what principle this favored 3 percent will be selected.

There should no longer be any mystery concerning some of the effects of this crop restriction. Where an export crop is concerned, a crop contraction here simply stimulates increased production abroad, and threatens to prove, in the end, suicidal for our own producers. This has already been clearly illustrated in the case of our cotton. In spite of our own record yield, it is from the immensely increased foreign crop that our cotton growers are now chiefly suffering. The fate of the British rubber restriction and the Brazilian coffee valorization schemes have long existed as warnings, but we have chosen to ignore them.

In addition to all this, there is the effect of crop restriction on the outlook for Government economic intervention in general. There is the problem, for example, of what happens to diverted acreage. The dairy interests have been justifiably concerned lest the crop-reduction program lead to an immense overexpansion of

their industry. Politically, too, output restriction and subsidies for one group of producers must lead to demands for similar favors by an ever-widening circle of producers. What will be the ultimate effect of this on consumers and on general production?

Yet the worst feature of the present farm bill may prove to be not the crop-control provisions but the mandatory crop loans. Hitherto Government loans to farmers on wheat and cotton have at least been discretionary. If the present bill becomes law, such loans must be made if the cotton, wheat, or corn crop is in excess of a "normal" demand, or if the price is less than a stated percentage of 1909-14 purchasing power (in the case of wheat and cotton, 52 percent). The loans are to be at the rate of not less than 52 or more than 75 percent of the "parity" prices. In effect, this means that prices of these commodities are to be pegged indefinitely at the percentage of the "parity" price at which the loan is made, while the supplies not salable at that price are to be held off the market and impounded under Government loans. Such a policy could lead the Government into losses compared with which the losses under the old Federal Farm Board might seem trivial—not to speak of what it might do to the export markets, for example, of our wheat and cotton.

This by no means summarizes all the objectionable provisions of the present farm bill. There are, for example, the enormous and unprecedented discretionary powers vested in the Secretary of Agriculture, and the bill's repeated but uneasy insistence on its own constitutionality. Yet it is scheduled to be passed this afternoon by the Senate, accompanied, no doubt, by a barrage of statements concerning the blessing it is bringing to us all.

Mr. DUFFY. Mr. President, I had intended to occupy a short time today in the discussion of this bill. In view of the limitation of time, however, I ask unanimous consent, in lieu thereof, that a radio address which I delivered last Friday on this subject from the office of the Secretary of the Senate be printed in the RECORD at this point as part of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The address referred to is as follows:

THE DAIRY INDUSTRY AND THE FARM PROBLEM

I feel greatly indebted to the Columbia Broadcasting System for this opportunity to speak briefly to the people of America upon the very important subject of the Dairy Industry and the Farm Problem. Of course, in the limited time at my disposal this afternoon, I can only discuss a limited phase of that broad subject. I shall confine my remarks to the pending farm bill, with particular reference to the so-called dairy amendment.

I have just stepped off the Senate floor and have come in here to the office of Col. Edwin Halsey, who is Secretary of the Senate. The discussion now going on, about 50 feet from where I am sitting, is a debate upon whether the conference report upon the farm bill should be adopted.

You will undoubtedly recall from the news accounts that the House of Representatives on last Wednesday adopted this conference report by a vote of 264 to 135, and the matter is now before the Senate for discussion. The legislative situation is this: The House adopted a farm bill, and, of course, it came to the Senate for action; the Senate adopted a bill that was quite different from the House bill, and, therefore, under the rules, both the House and Senate appointed what is known as conferees. These gentlemen have been working for many weeks in an endeavor to reconcile the differences between the House and the Senate bills, and, in fact, have written a new farm bill which contains important provisions of both the original House and Senate bills. When the original bills were up for consideration in both the House and Senate, the so-called dairy amendment was the subject of much vigorous discussion and debate, and in both Houses this amendment was added to the bill by a somewhat close vote. As I was very active in advocating the adoption of this dairy amendment in the Senate, I wish to present to you the viewpoint of those who endeavored in this bill to protect the dairy interests in this country.

Before going into the merits, a very interesting legislative situation has developed. I had prepared an amendment to be presented in the Senate, which I felt would protect the interests of those concerned in dairying, but after the House had adopted their amendment, it was thought by the Senate adopting exactly the same language as the House, there would be nothing to go to conference, and that that provision in that precise form would have to stick. By a very technical interpretation, merely because of the position of the amendment, in the bill, and because the Senate struck out all after the enacting clause, it is now claimed by the conferees, that the amendment was subject to action by them, and they have proposed a very decided change, at least in the wording.

It was 101 years ago when this country began to look at agriculture as a Federal function. In 1836 the Commissioner of Patents helped agriculture by using \$1,000 of Federal funds for the purchase of seed. In 1842 we had the first report on agriculture, and the first survey of crop prospects; on May 15, 1862, the bill which established the Department of Agriculture was signed by President Lincoln; on February 9, 1889, agriculture was elevated to the same status that was accorded to other interests in this country, and a Secretary of Agriculture became a member of the

President's Cabinet. The first Commissioner of Agriculture had two employees, while in June a year ago there were 42,980 on the Federal pay roll in the Department of Agriculture.

In the agricultural appropriation bill which was passed for the present fiscal year, the appropriation amounted to over \$900,000,000. While it is true that this bill contains a number of items not related directly to agriculture, yet the constant and greater demands made by agriculture for assistance from the Federal Government has made such a large appropriation necessary. It shows that a considerable proportion of the income of the National Government is directed to a study of the problems of agriculture together with the granting of direct assistance to those who till the soil. It shows that we here in Washington are making a tremendous effort to try to arrive at a proper solution of the farmers' problems.

Let us consider briefly some of the fundamental difficulties which our American farmers have encountered, especially since the time of the World War. In the days when our country was developing, the flat, fertile prairie States were ideal for large-scale agricultural operations, and farm machinery was used to a great advantage. Most of the agricultural areas in Europe were too small or too hilly for the use of this kind of machinery. Most of the American farm land was virgin soil, and hence American farm products were able to undersell farm products of European countries. For a while the American farmers' market was limited only by the limits of his own productiveness. Our population continued to increase rapidly at the rate of about 1¼ million persons a year, so the farmers had a fast-increasing home market as well as a foreign market.

Prior to 1930 there were from 200,000 to 500,000 immigrants per year, mostly from Europe, and they settled chiefly in the cities where, of course, they consumed farm products. During the period of the World War, American farmers, who were encouraged by high prices and urged on by patriotic considerations to make two blades of grass grow where one grew before, plowed up 40,000,000 acres of pasture land; but at the same time war conditions caused 41,000,000 additional acres to be brought into production in Canada, Australia, and the Argentine. Then many nations which had suffered from the war blockades embarked upon programs of developing their agriculture so as to be able to feed themselves. Many farmers assumed obligations and gave mortgages at the high prices during the war years, but when the drop in such prices occurred after the war, they had no reduction in their debt obligations. The farmer's cost of production remained high, his farm area had greatly expanded, his foreign markets began rapidly to melt away. While the farm mortgage debt in 1910 in this country was a little more than \$3,000,000,000, it was \$8,500,000,000 in 1933. The cash income of farmers dropped from almost \$10,500,000,000 to slightly more than \$4,000,000,000 in 1932.

The big problem, of course, is the great farm surpluses which we can so readily produce in this country. We know what such surpluses mean to farm prices. We have had the terrifying experience of having great, unsold agricultural surpluses drive down the price of agricultural products so we had 5-cent-per-pound cotton, 30-cent-per-bushel wheat, \$2.50-per-hundredweight hogs, 8.6-cent-per-pound cheese, and 17.9-cent butterfat. Therefore, in the present bill an attempt has been made to do something about the surpluses in five great agricultural products, cotton, wheat, corn, tobacco, and rice. While many farmers rebel at the thought of limiting production of agricultural surpluses, it would seem that there are only three things that can be done. One is to do all we can to increase the purchasing power of the people of this country; secondly, to find additional export markets for our agricultural products; and thirdly, to follow the example of industry in limiting the production to at least that amount which can be sold at a profit. In other words, farmers quite generally have come to the conclusion that if they insist on producing the same quantities of wheat, corn, hogs, cotton, dairy and other agricultural products as in the 1920's, it is certain they will have to accept very low and unsatisfactory prices, and that until foreign trade can be revived and some way found to greatly boost domestic demand, farmers will necessarily have to adjust production to fit demand.

With the general objectives of this farm legislation, I believe that the dairy farmers, generally, have no complaint. While dairy products do not come under the provisions of this bill, yet, dairy farmers have been greatly concerned as to what will be done with the diverted acres. It has been estimated that when the bill comes into operation that farmers will divert as high as 50 or 60 million acres from soil-depleting crops, and they will be required to plant these diverted acres to alfalfa, grasses, and legumes, all of which make excellent feed for dairy cattle.

I feel that I should be much concerned as to the attitude and the welfare of dairy farmers. In my service in the Senate, I have constantly given my earnest attention to the welfare of dairy farmers. My State of Wisconsin is the leading dairy State of the Nation. We have nearly 3,000,000 cows, more than in any other State of the Union. We produce more cheese than all of the other 47 States put together; we are first in the production of condensed milk; we rank third in the production of butter. So, my people are greatly concerned, yet there is hardly a State in the Union where there is not a substantial number of dairy farmers, and they, too, are concerned.

The highest in value of all agricultural products are dairy products. In the marketing year of 1936 to 1937 the value of dairy

products in the United States was three times the value of wheat, almost twice the value of cotton, and more than \$200,000,000 in excess of the value of corn.

I have heard some of my colleagues say that the dairy farmer is much better off than many of those engaged in raising other kinds of agricultural products; but in 1932, when cheese went down to 8.6 cents a pound and butterfat sold at a price of 17.9 cents, the situation of the dairy farmer was just as precarious and just as desperate as was the cotton farmer and others who suffered at the same time.

You may be wondering why all the discussion and fuss about the dairy amendment. In brief, the amendment provided just this: That the fifty or sixty millions of acres that would be diverted from soil-depleting crops, and for which the Government would make benefit payments, should not be used for the production of dairy products on a commercial basis. The dairy farmer does not complain that people in the South, or the West, or any other section of the country, may go into competition with him if such competition is on its own power. He has no complaint about fair and natural competition, but the dairy farmer does seriously object to having the Federal Government pay one class of farmers money for taking their acres out of production, and then permitting them to use that land to go into competition with the dairy farmers who are now engaged in that business. The objection is to the Government subsidy being the basis for competition against them.

In this farm bill, as I stated before, the big question is dealing with surpluses. If a large portion of the fifty or sixty millions of acres are planted in soil-conserving crops which can be readily fed to dairy cattle (if that should be used for that purpose), we would have tremendous surpluses of dairy products, and there would be a disastrous decline in the price of dairy products. The dairy amendment specifically permitted a farmer to raise crops on the diverted acres to be used in the production of dairy products which were consumed on the farm. The purpose was to only prevent such acreage from being used on a commercial basis.

I think that the dairy farmers have a perfect right to demand that protection. If no restriction were contained in the bill it would be very natural when farmers were compelled to plant fifty or sixty millions of acres with grasses and legumes, which are so very suitable for feeding dairy herds, that they would use them for that purpose and not plow them under. We do not complain that farmers in certain parts of the country desire to diversify their farming activities; I think it would be a good thing for them to do so; but such farmers shouldn't be permitted to accept the Government benefits for taking their land out of production and building up their soil and then use that as a means of competing against the established dairy farmer.

The conferees have changed the wording of the amendment. I have read and reread it, I have carefully studied it, and the language is so ponderous and difficult that I scarcely know what it means. The excuse which the conferees give for making a change in the original dairy amendment is that the substitute which they propose is more flexible and more workable. I hope that is all that the change means, and that our dairy farmers will be protected from Government-subsidized competition. I am willing to accept the statement of those in charge of the bill that the dairy interests of this country will not be harmed when this bill becomes a law.

Mr. BURKE. Mr. President, I merely desire to call the attention of the Chair to the fact that at the conclusion of the session on Friday, as shown by the CONGRESSIONAL RECORD, the senior Senator from Oregon [Mr. McNARY] stated the names of certain Senators who desired to address themselves to this measure, and included my name in the list. I wish now to reiterate that if the opportunity is offered, I desire to express my views on the pending bill for a few moments at some time later in the afternoon.

Mr. McADOO. Mr. President, I desire to address myself briefly to the pending bill. I do so with a great reluctance, because I know that the time of the Senate is quite limited, and that many other Senators desire to speak. It is my purpose, therefore, to take up certain features only of the bill.

The bill is proposed as permanent legislation. As I view the measure, it is so revolutionary with respect to our agricultural economy that a thorough and complete discussion of it in all of its aspects is highly desirable in the public interest.

I am moved somewhat in what I say by the effects of the bill upon my own State; but that is not the controlling influence in the judgment I have formed. I have come to the conclusions I have reached after long consideration. I have tried to forget any local interest, and to consider only its national and international effects and implications.

Five major crops are the principal objects of this legislation—cotton, corn, wheat, tobacco, and rice. I shall speak

only with respect to cotton; and I desire to take up first the subject of cotton in California, because it has peculiar aspects and, to my mind, is entitled to special consideration—a consideration which, in spite of all our efforts, has not, I think, been given to it in the bill as reported from the conference committee.

All Senators know, without my attempting to go into detail, the tremendous suffering and great disasters which followed the drouth and the dust storms which overwhelmed certain areas in the West 2 years ago. Senators now on the floor have experienced these western dust storms. I can think of nothing more terrible in its effects upon the human constitution for the time being than one of these terrible disasters. The people who were driven from their homes in the West in great numbers and who had to seek other places to go where they hoped that they would be able to make an honest living, came in great numbers into California. I have here the best figures available on the subject. These figures disclose that there came into California, in the last 6 months of 1935, 43,000 of these people; in the year 1936, 97,000; and in the first 6 months of 1937, 37,000; or a total in the 2 years of 177,000 American citizens, driven from their homes by grave disaster, and setting their faces westward in the hope that the promised land might be found where they could settle in peace and contentment and make an honest living.

These people are those only who came into the State by motor. Other thousands came by foot, by train, on busses, and by any other means available to them. It is estimated that fully 250,000 such people came into the State of California alone.

The States from which these people emigrated were chiefly Texas, Oklahoma, Kansas, and other States of the Union, but more particularly States where cotton was the chief subject of agriculture, and where, therefore, the knowledge gained in that industry was the principal farm education they brought with them to California. Naturally, they went into the great San Joaquin Valley, because in certain counties of the State, probably six in number, the soil is peculiarly favorable to the production of a high-grade cotton called alcala cotton, and irrigation is available. They found that under irrigation on those lands they were able to raise 570 pounds of cotton to the acre. This is a long-staple cotton, an inch and a quarter staple, of a peculiarly fine quality, grown, I believe, only in the States of Arizona and New Mexico in addition to California, and so much in demand that we do not produce enough of it to meet the demand, and those who purchase it willingly pay 1 cent a pound premium for it.

Mr. President, in the year 1935 California planted 218,000 acres to this cotton. In 1936 there was an increase of 150,000 acres, making a total for 1936 of 368,000 acres. In 1937 there was an increase of 246,000 acres, making the total for 1937, 614,000 acres planted in cotton in the small area to which I have referred. In 1936, 30,000 acres were diverted, and in 1937 about the same amount.

That great increase of acreage reflected the migration from the Dust Bowl and the drought areas into my State. I have letters from numerous farmers in that section of California, quite touching in character, in which they tell me that at last they and their families had found a place in the world where they thought they were assured of a comfortable living, and where school facilities were available to their children.

They had the other modern facilities. Conveniences in the way of power, light, radios, everything that marks the present progress of our civilization, they found at their command. It is estimated that something like 100,000 of these people settled in the San Joaquin Valley, and the estimate I have is that 60,000 to 66,000 of those people are employed as cotton pickers during the cotton season.

The problem is one which cannot be dismissed lightly, because many of the men who have gone there with their families, and have found employment on large ranches by the year; others who have become sharecroppers, or have

leased lands; others, with small means, who have been able to make the down payment on their properties, giving mortgages to the banks for the balance, are greatly alarmed, because they are now faced, if this bill shall become a law, with the interdiction against an American citizen making a living on the land under his feet, and from which he can take care of his family.

Mr. President, that is an anomalous situation in this country. That is a cruel and extraordinary situation in this country. If we had a cotton history of 15 or 20 or 30 years, as is the case in the South, where people have gradually adjusted themselves to the conditions, it would be a very different problem, but what are we to do with these people when we say to them, "You cannot plant the ground which you have leased, or which you have bought. You cannot continue to receive the employment which these ranchers have offered to you, because the great Government of the United States has drawn a dead line here and said that beyond that you cannot go?"

Mr. President, the effect of such a law is tantamount to the Government saying: "You cannot make a living. We forbid you to make a living. We forbid you to exercise your lawful right to make a living." Or, "We will put you on relief. We will appropriate money out of the Treasury to put you on relief." Or, "We will give you two or three hundred dollars an acre subsidy on your farm if you do not plant cotton." Every self-respecting American citizen rejects, naturally, that sort of an opportunity. He does not want relief; he wants the chance to make an honest living, and to bring his family up in respectable surroundings and on respectable terms.

Mr. CHAVEZ. Mr. President—

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from New Mexico?

Mr. McADOO. I yield.

Mr. CHAVEZ. I dislike very much to interrupt the Senator's remarks at the moment, but I desire to call his attention to the fact also that the best available information from the Department of Agriculture is to the effect that the cotton about which the Senator is talking, the cotton of New Mexico, the cotton of California, the cotton of Arizona, and of some parts of Texas, all goes to foreign markets, and while we are worrying about our foreign markets, here is one product the raising of which is proposed to be cut down, a product which goes to foreign markets, and does not interfere with the domestic market whatsoever.

Mr. McADOO. Mr. President, I thank the Senator for the suggestion. I had intended to refer to that later on in my remarks.

I wish to say also, with respect to the quality of the cotton, that by the statute law of California no one is permitted to plant any cotton in that State except the alcala cotton. We make that provision because that kind of cotton represents the highest standard and type of cotton for the particular purposes for which it is grown, and because the State has made it its business to try to impress a brand upon it which means that the cotton is exactly what it is represented to be. That is the reason why it has been in as wide demand in foreign markets, as has been referred to by my distinguished colleague, the Senator from New Mexico [Mr. CHAVEZ], and it is also in demand in the American mills where the finest grades of textiles are manufactured.

Mr. President, let us see what the result will be if this bill shall be enacted, provided the Secretary of Agriculture carries out what I understand to be the terms of the measure, and we must assume that he will. When we get into these bureaucratic agencies, as I have learned by experience in my own State, we find that they are not always responsive to the people—not even to a Senator or to a Representative in Congress. I said "responsive" not "responsible." They are not always responsive, and a bureaucratic administration of these farms will, in my opinion, create so much discontent and dissatisfaction, and we shall hear such a protest about the act before the next session of the Congress, that this supposed solution of the agricultural problem will be repealed

or so modified that it may be workable, and at the same time respect essential and fundamental American rights.

I should like to call attention to some of the administrative features which the farmers will have to observe before they can plant cotton or pick cotton or sell cotton. If I were a cotton farmer today, I should have to have someone sitting alongside me to interpret the law so that I might know what I could do lawfully and escape jail or a penalty or the loss of soil-erosion benefits or some other kind of benefits under the act.

I find on page 37 of the conference report this provision:

The Secretary shall provide, through the county and local committees, for measuring farms—

"Measuring farms." We are to begin to measure the farms all over the United States—

on which corn, wheat, cotton, or rice is produced, and for ascertaining whether the acreage planted for any year to any such commodity is in excess of the farm-acreage allotment for such commodity for the farm under this title.

The farmer will not only have to submit to measurement of his farm, but he will have to have a measurement made to determine whether or not he has exceeded the allotted acreage; all of which means the maintenance of some form of organization to check not only the farmer's original acreage which he may plant to one of these commodities but also to check the results of his planting to determine whether or not he has infringed the law.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. POPE. Is the Senator in favor of the Soil Conservation Act?

Mr. McADOO. I am in favor of the Soil Conservation Act. I voted for it.

Mr. POPE. Does not the Senator know that the farms are measured and allotments made under the Soil Conservation Act?

Mr. McADOO. I do; but the Government is to go into the measurement of crops now. Soil erosion is one thing, and planting of crops and the results of the planting are another thing.

Mr. POPE. Will the Senator yield further?

Mr. McADOO. I yield.

Mr. POPE. Does not the Senator know that under the Soil Conservation Act there is a measuring of crops such as those he has mentioned, and has been for several years?

Mr. McADOO. Does the Senator mean soil-repletion crops?

Mr. POPE. Measuring the farm.

Mr. McADOO. I am talking about the crops produced on the farm.

Mr. POPE. That is done under the Soil Conservation Act also.

Mr. McADOO. For everything that is produced on the farm?

Mr. POPE. Certainly.

Mr. McADOO. Outside of these major commodities?

Mr. POPE. The crops are measured and photographed.

Mr. McADOO. Which crops?

Mr. POPE. The lands are measured and photographed, and that record of the farm is now available.

Mr. McADOO. The crops are measured?

Mr. McNARY. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. McNARY. Let me make an observation, in view of the statement made by the Senator from Idaho. Under the Soil Conservation Act, of course, measurements are made for the purpose of making benefit payments, but under the proposed law they are to be made for the purpose of acreage control and marketing control. That is the difference.

Mr. McADOO. I thank the Senator from Oregon. Whether or not we already have in effect these crop measurements, I am relating these provisions of this major operation which is to be performed on agriculture, and which is intended to be permanent in character, and I think any sort of bureaucratic

control of this sort of the farmers is not only inadvisable but is fundamentally wrong agricultural economy.

There is also a provision that—

The Secretary shall provide by regulations for the identification, wherever necessary, of corn, wheat, cotton, rice, or tobacco so as to afford aid in discovering and identifying such amounts of the commodities as are subject to and such amounts thereof as are not subject to marketing restrictions in effect under this title.

Mr. President, let us consider that just a moment. The Government is to follow these products into the channels of commerce for the purpose of identifying them and determining whether or not, by the permission of the Secretary of Agriculture, they are marketable products, whether or not they infringe the provisions of the law.

My objection to that is that between these two provisions we are setting up a bureaucratic control which is, I imagine, more offensive to the free men who are living on the farms than any other law in existence, because in every other phase of our social and economic life, I think, the farmer has always justly boasted of the fact that he has a greater degree of freedom and liberty than any other class of our citizens. But he is to be subjected now to this kind of compulsion and regulation.

In addition to that, the payment and collection of penalties are provided for.

Sec. 372. (a) The penalty with respect to the marketing, by sale, of wheat, cotton, or rice, if the sale is to any person within the United States, shall be collected by the buyer.

(b) All penalties provided for in subtitle B shall be collected and paid in such manner, at such times, and under such conditions as the Secretary may by regulations prescribe. Such penalties shall be remitted to the Secretary by the person liable for the penalty, except that if any other person is liable for the collection of the penalty such other person shall remit the penalty. The amount of such penalties shall be covered into the general fund of the Treasury of the United States.

Mr. President, here we have again perhaps one of the inevitable steps in the enactment of this kind of legislation. Perhaps it is necessary to set up a system of espionage of farm production and of farm marketing in the United States. Perhaps that is necessary. I do not know. I have tried my best during the 5 years I have been a Member of the Senate to view these questions in the large, and see if we could relate, as probably has been necessary, the various kinds of legislation essential to overcome the depression through which we have passed, but I confess that I have not great confidence in my judgment about these matters. I can only offer my best opinion. But, Mr. President, when we now contemplate the regulations to which the farmer must subject himself in the future I think we are doing not only an unwise thing, but something against which the farmers ultimately will express their resentment in very strong terms. For that reason I do not want to vote for legislation which is likely to produce such results.

While I am criticizing the measure, I should like to say that I have unfeigned admiration for the Committee on Agriculture and Forestry which has done such strenuous and difficult work. The farm problem is not an easy one to solve. I am perfectly willing to concede that. I think the committee has shown an assiduity and an application to the tremendous amount of detail and investigation which preceded their report on this bill, in the highest degree commendable, and I would not for one instant criticize them for what they have done. I am criticizing, or at least expressing my views, only as to the effect of the measure which we are asked to adopt and to make the supreme law of the land.

I am not going to discuss the constitutional aspects of this question. I am frank to say that I do not think the Federal Government has any right to go on a man's farm, through a delegated authority, or in any other way, and measure off that farm and tell the farmer what he can plant on it. I do not concede that for a moment; I do not think the bill is constitutional, but as I have already said, I am not going to argue the constitutional phases of the bill. Those questions have been presented already by Senators

who are great lawyers, such as my able colleague from North Carolina [Mr. BAILEY], who are more competent to discuss the constitutionality of the measure than am I. But as a lawyer I have looked into it to some extent, and I cannot reconcile my conceptions of the constitutional authority of the United States with the exercise of any such power as is here attempted.

In the declaration of policy in this bill it is said that, among other things, we are enacting this bill—

To provide an orderly, adequate, and balanced flow of such commodities in interstate and foreign commerce.

I should now like to bring to the attention of the Senate an analysis which I made of certain sections of the bill insofar as they relate to foreign commerce.

Mr. MCGILL. Mr. President, will the Senator yield before he enters upon that phase of his argument?

Mr. MCADOO. I yield.

Mr. MCGILL. I observed at the outset of the Senator's address that he made a statement to the effect that if he were a cotton farmer it would be necessary for him to have someone to advise him at all times in order to avoid being fined. The other day while this bill was being discussed by the senior Senator from Michigan [Mr. VANDENBERG] he made the assertion that a farmer might be fined in the sum of \$500. When the measure was first introduced there was provision with reference to a fine, but not of that amount, which was, by an amendment submitted by myself, stricken out of the bill by the Senate. I know of nothing in the conference report wherein it is provided that a fine may be assessed against a producer or a farmer. I am wondering to what part of the report the Senator refers when he states that if he were a farmer he would have to have someone advise him in order to escape being fined.

Mr. MCADOO. I did not say in order to escape being fined. I said "escape the penalties of this measure."

Mr. MCGILL. I beg the Senator's pardon if I misconstrued his statement.

Mr. MCADOO. My recollection is that I said "the penalties of this measure."

Mr. BORAH. Mr. President, will the Senator yield?

Mr. MCADOO. I yield.

Mr. BORAH. The Senator from Kansas has referred to the removal of the "fine" provisions, but there are provisions in the measure which compel the observance of the law by setting what may be designated a penalty in the way of what may be called a tax, are there not?

Mr. MCGILL. That is when marketing quotas are put into effect, after a vote by the farmers or the producers of a commodity; but the Senator from Michigan [Mr. VANDENBERG] has specifically stated in substance that under this measure a farmer might be found guilty of a crime and be fined.

Mr. BORAH. Those provisions have been eliminated.

Mr. MCGILL. Those provisions have been eliminated as I understand, and I challenge anyone to show where there is any such provision in the conference report.

Mr. BORAH. Those provisions have been eliminated.

Mr. MCGILL. Yes. Some Senators do not agree with what we are saying about that.

Mr. BORAH. But I am speaking of the other methods by which enforcement is brought about. They are not in the nature of a fine, it is said, but there is not very much difference between a fine and a penalty superinduced as this one is.

Mr. MCGILL. There are certain penalties in the nature of civil penalties upon dealers and purchasers of commodities where marketing quotas are in effect, if such marketing quotas are not adhered to, but there is no such thing as a criminal penalty.

Mr. MCADOO. I may say to the Senator from Kansas that, as I read the measure, a farmer who otherwise might be entitled to a benefit under the Soil Erosion Act or parity payments, but who violated the provisions of this measure, could be denied the benefits under the Soil Erosion Act and under the Parity Payment Act.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. POPE. I may say to the Senator that in that respect he misunderstands the measure, because it is provided in the conference report that if the farmer complies with the Soil Conservation Act he will get soil-conservation payments. It is an entirely separate and distinct question from the marketing quota features of the measure. On the other hand, if the farmer does not comply with the marketing quota features of the measure, he may be subject to the penalties for selling his commodities as provided in the conference report. But they are now separated, so if the farmer complies with the soil-conservation provisions of the measure, he gets his soil-conservation payments.

Mr. McADOO. Regardless of any violations of any kind?

Mr. POPE. Regardless of whether or not he complies with any other features of the measure.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. BORAH. I must admit that that is perhaps somewhat confusing.

Mr. McNARY. I will ask the Senator from Idaho if he will speak so we can all hear him. I am very much interested in that phase of the measure.

Mr. BORAH. What I desire to know is, if the farmer raises all he desires to raise, what does the bill do about it?

Mr. POPE. In the first place, if he pays no attention to the soil-conservation program and does not participate, he will not get soil-conservation benefit payments. If an election, a referendum, is held, and two-thirds of the farmers voting impose the marketing quotas, then he is under obligation to comply with the provisions of the law with reference to marketing quotas and not sell more than the law specifies as his marketing quota. If he does sell more, the only penalty is that he pays the tax for selling in excess of his marketing quota.

Mr. BORAH. In other words, he is shut off the market, the market is closed to him beyond the amount which has been assigned to him.

Mr. POPE. It simply means what it says; that if marketing quotas are established by two-thirds of the farmers themselves, then the farmer who exceeds his marketing quota can sell, but he must pay the penalty, or if he does not desire to pay the penalty, then he must store or keep his commodity.

Mr. McADOO. The penalty is a fine after all. What is it but a fine?

Mr. McNARY. The penalty in the case of wheat for selling in excess of the marketing quota is 15 cents a bushel, and a similar sum in the case of corn. It is a very large sum in the case of cotton.

Mr. McADOO. In the case of cotton it is 2 or 3 cents a pound, is it not? I do not care whether Senators call it a penalty or a bouquet, or what it is called; if it takes money out of the farmer's pocket, because he does not do something he is expected to do under this measure, it is a fine.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Brown of Michigan in the chair). Does the Senator from California yield to the Senator from Nebraska?

Mr. McADOO. I yield.

Mr. NORRIS. What would the Senator suggest instead of the method provided in this bill to carry out the provisions of the law if the farmers by a two-thirds vote reach a conclusion or arrive at a decision? If there is no penalty, what good are the provisions of the bill?

Mr. McADOO. I am not objecting to the penalty, I may say to my distinguished friend from Nebraska, if this bill is to be passed, because I think it is the inevitable consequence of the attempt to compel the farmers to do what the bill calls upon them to do; and the only way to make the provisions of the bill effective is to assess a fine, penalty, or whatever one chooses to call it.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. POPE. If the Senator were convinced that the farmers of this country desired a specific law or program, would he wish to deny them what they desire?

Mr. McADOO. If the proposed legislation were appropriate, and came within the Constitution and the laws of the land, I should be perfectly willing to concede it.

Mr. POPE. Let me ask the Senator a further question. The Senator and I are both Democrats, and believe in majority rule. May I ask him whether or not he objects to the farmers who sell deciding upon the program by a two-thirds' vote?

Mr. McADOO. No; I do not object to it, but I do not concede that the decision of the farmers necessarily means that we as Senators must adopt their program and vote for it, whether or not it be constitutional.

Mr. POPE. Does the Senator object to giving the farmers the privilege of voting and imposing a program upon themselves if they desire to do so?

Mr. McADOO. I do not. I am perfectly willing that the farmers should do that if the measure they favor is legitimate, sensible, and economic, and squares with the Constitution of the United States. I should support them in that character of measure.

Let me ask the Senator from Idaho a question. Under the provisions of the bill with regard to a referendum in the case of cotton, for example, are we to have a national referendum on cotton, and are the results of the referendum to apply to every State and county in the Union, and affect every farmer in the Union?

Mr. POPE. Only those who raise cotton.

Mr. McADOO. I am speaking of the cotton farmer, and I am referring to cotton from one end of the country to the other. Is the referendum provided for in the bill a national referendum, or is it a local referendum binding only upon those within the area where the referendum is held?

Mr. POPE. It is a Nation-wide referendum, held in the various counties where cotton is produced.

Mr. McADOO. It is a national election. No allowance is made for the varying conditions under which cotton is raised in this country, or the economic foundations upon which the people stand in various sections of the country; and yet, on an informal referendum of that kind, we in California may be ruined, or farmers in other States may be ruined. I myself am not in favor of that kind of legislation or that method of administration.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. BANKHEAD. I should like to ask the Senator if all the objections he is now raising were not raised in connection with the passage of the original bill? They do not arise for the first time in the conference report.

Mr. McADOO. I do not think they do. I voted for the bill originally, because I understood that the treatment of California was going to differ from the way in which she is treated in the conference report. I am not claiming that any contractual obligation was entered into, but I find that the agreement was not carried out in accordance with my understanding at the time.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. HATCH. A great deal has been said about the conferences and their weeks of work and about the penalties and compulsory features of the bill. The penalties and compulsory features of the bill have been greatly modified since the bill left the Senate and went to conference.

Mr. McADOO. I concede that. That fact, however, is not really material to the main objections which I have to this measure. It is only incidental.

I have referred to the administrative measures very briefly and very sketchily. I could go into many more which I think they are decidedly objectionable, because they impose upon the farmers of this country a new order which I think the farmers will resent. They will not get the benefits which they expect under the bill.

In addition to my belief that we are not passing a measure which is going to confer the benefits expected—and I regret the necessity of coming to that conclusion—I think grave constitutional questions are involved. We shall probably find, after the act reaches the courts, that we have passed an unconstitutional bill. I think that result will inevitably follow.

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. MCGILL. The Senator will agree, will he not, that when the bill passed the Senate and was sent to conference the principles embodying the marketing quota system and penalties were in the bill, and that the penalties now provided in the conference report are less than they were in the original bill?

Mr. McADOO. I concede that. I had the same objections to the original bill, although I voted for it in order that it might go to conference with the hope that there might be evolved legislation which would appropriately solve the farm problem.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. HATCH. The Senator has mentioned the State of California. I am somewhat familiar with conditions in the State of California, and I realize some of the apparent injustices which may fall upon that State as a result of the passage of the bill; but I desire to call the Senator's attention to the fact that under the bill as reported by the conference a method is provided by which California is treated on exactly the same basis as every other State and locality in the United States. All are treated exactly alike. There is a peculiar condition in California which on its face perhaps may appear to make the bill at this time seem unfair to the State of California; but if this program remains in effect, the injustices will be progressively eliminated by the passage of time. Under the Bankhead Act, the old cotton program froze the growth and production of cotton during the period from 1928 to 1932, and there was no room for expansion and development of new territory. Under the pending bill, that situation is entirely changed. Instead of adopting one year as the basis, the bill takes the 5 preceding years and prescribes a fair method, which eventually will overcome some of the Senator's objections.

Mr. McADOO. The provisions in the bill allowing 2 percent for new acreage available are, to my mind, wholly insufficient. I do not think those provisions will take care of the natural growth of the country.

What will we do for the people about whom I have spoken, who are thrown upon relief? We shall have to pass bills taking money out of the Treasury of the United States, putting those people on the dole, when they can make an honest living on the soil right under their feet. I cannot understand the logic or the philosophy of that sort of legislation. In the older cotton States of the country, the Southern States, where cotton production has been an established industry for a hundred years and more, a very different situation presents itself, although I must say that I think even in the South this bill will fail to confer upon the farmers the benefit, which they expect.

Mr. President, I am taking more of the time of the Senate than I intended to take. The interruptions have interfered with the continuity as well as the brevity of my argument. While I am glad to yield at any time, I make that excuse to my colleagues so that they will understand that I have not intentionally taken a longer time than I expected to be on my feet. I have not remained on my feet for this length of time because of a lack of consideration for those who desire to follow me.

Mr. McNARY. Mr. President, I merely wish to express the hope that the Senator will keep in mind the fact that the hour for voting is 3:30, and that he will not yield too frequently.

Mr. McADOO. I am very anxious to conclude. I am never very anxious to make a speech, but I am always very eager to conclude one; so I shall rush along as fast as possible.

One of the reasons for this legislation is the hope that it will improve our foreign markets. That hope is expressed in section 2 of the bill.

I say that the pending bill will do exactly the reverse. It will throttle our foreign markets for cotton.

I have prepared a statement which I desire to read for the RECORD, instead of trying to explain the matter extemporaneously.

With respect to the effect of the pending bill—and I want those who are interested in this measure to consider this—on the exportation of cotton, it is difficult to form any judgment until definite conclusions are reached as to the interpretation and effect of section 381 (b) and (c) of the conference report.

Section 381 (b) reads as follows:

(b) Any producer for whom a loan has been made or arranged for by the Commodity Credit Corporation on cotton of his 1937 crop and who has complied with all the provisions of the loan agreement except section 8 thereof, may, at any time before July 1, 1938, transfer his right, title, and interest in and to such cotton to the Corporation; and the Corporation is authorized and directed to accept such right, title, and interest in and to such cotton and to assume all obligations of the producer with respect to the loan on such cotton, including accrued interest and accrued carrying charges to the date of such transfer. The Corporation shall notify the Secretary of Agriculture of each such transfer, and upon receipt of such notice, the Secretary shall, as soon as compliance is shown, or a national marketing quota for cotton is put into effect, forthwith pay to such producer a sum equal to 2 cents per pound of such cotton, and the amount so paid shall be deducted from any price-adjustment payment to which such producer is entitled.

I assume that the object of that provision is that if 12 cents per pound have been loaned on cotton by the Commodity Credit Corporation, the borrower may turn in that cotton, convey title, be relieved of his obligation, and let the Commodity Credit Corporation assume the loss. Cotton is now selling at about 8½ cents a pound. The loss would have to be paid out of the Treasury of the United States. I assume that that is the purpose of that provision.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. GEORGE. I was not a member of the conference committee, and I am not a member of the Agricultural Committee, but I should like to state my understanding of the purpose of the provision just referred to.

Under the loan which was made on the 1937 crop, the loan agreement required the sale of the cotton by the farmer before he could claim the price-adjustment payment. This provision simply authorizes the transfer of the title to the property by the farmer to the Commodity Credit Corporation, and thereafter, so far as that provision of the contract is concerned, he is to be in a position to receive the so-called subsidy payment or price-adjustment payment.

If the Senator from California will read further in the conference report he will find that inhibition is placed upon the sale of this cotton taken over by the Commodity Credit Corporation until it reaches a price sufficient to pay the original loan, plus interest, plus carrying charges, and plus the price-adjustment payment, which virtually freezes the cotton in the hands of the Commodity Credit Corporation until it reaches a price of 11 cents a pound.

Mr. McADOO. My distinguished friend from Georgia has stated the facts as I was going to state them with respect to that particular phase of the matter. In other words, it is proposed to freeze the cotton in the hands of the Commodity Credit Corporation at 11 cents a pound. I will recur to that point in just a moment, because I am now addressing myself to the effect that the bill as now framed is going to have upon our exportable surplus of cotton.

Now let us take section 381, paragraph (c), which reads, as follows:

(c) The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out by any of its agencies with respect to the cotton so sold. After July

31, 1939, the Commodity Credit Corporation shall not sell more than 300,000 bales of cotton in any calendar month, or more than 1,500,000 bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not expended for such purpose shall be covered into the Treasury as miscellaneous receipts.

It is perfectly clear from those two provisions that the purpose is to freeze the cotton in the Commodity Credit Corporation, which already has about 5,000,000 bales of cotton under loans averaging about 12 cents a pound. I will ask the Senator from Alabama if I am correct about that?

Mr. BANKHEAD. No; the Senator is not correct. The cotton the Senator is talking about is already in the hands of the Corporation. It is the loan cotton.

Mr. McADOO. I understand that.

Mr. BANKHEAD. The Senator says there may be additional cotton so held. This loan plan is limited to cotton already under loan.

Mr. McADOO. That is what I intended to say. This is the cotton the Corporation holds under the 1937 loan and, as I understand, the Commodity Credit Corporation has today something like 5,000,000 bales of cotton upon which loans have been made.

Mr. BANKHEAD. Yes; and this applies to that cotton and no other cotton.

Mr. McADOO. It applies only to 1937 cotton.

Mr. BANKHEAD. It applies only to 1937 cotton. That is the only cotton that the Commodity Credit Corporation has under loan to which this provision applies.

Mr. McADOO. That is as I understand it; that is what I was trying to say.

Mr. BANKHEAD. This will not cost the Government a dime, but, on the other hand, will give the Government an opportunity to recoup 2 cents it has got to pay, anyhow. Does the Senator know that 13,000,000 bales of cotton are hanging over the market or will be hanging over it next August?

Mr. McADOO. I know that.

Mr. BANKHEAD. This is intended for the benefit of the farmers by taking a certain part of it and holding it off the market, while we are reducing the crop, so that the price may reach some reasonable point, without cost to the Government.

Mr. McADOO. I concede the purpose, but I do not concede that it is without cost to the Government, because the Government advances 2 cents more a pound which is to be taken out when the sale is made.

Mr. BANKHEAD. No. It is to be taken out of the adjustment price, which there is no way to avoid. The Government is pledged to that.

Mr. McADOO. Suppose the Senator had borrowed on a hundred bales of cotton from the Commodity Credit Corporation at 12 cents a pound in 1937; he is the obligor on the note; and if the Government sold at auction, or sold at the market price, and credited it, he would still owe the Corporation money, would he not?

Mr. BANKHEAD. No. These loans, as in the case of corn loans, are not recourse loans.

Mr. McADOO. There would be no recourse to the Senator.

Mr. BANKHEAD. No recourse at all.

Mr. McADOO. The recourse is to Uncle Sam.

Mr. BANKHEAD. Of course, just as it is in the case of corn loans.

Mr. McADOO. Exactly; Uncle Sam pays the difference; that is all.

I am not objecting to giving the farmer the subsidy. It may be justified by the emergency through which we have gone and another which we may have to face. But I am analyzing this to show what the effect is upon the Treasury of the United States and upon our export trade.

Now it is proposed to freeze all this cotton in the Commodity Credit Corporation on which it has made loans, and then to authorize it to make more loans on cotton.

Mr. BANKHEAD. I do not think it is fair for the Senator to say we are going to freeze all that cotton. We do not freeze all the cotton, because those who have borrowed on it may release title, and I doubt if half a million bales of the 5,000,000 bales have been released, because there is not sufficient inducement to do so. And the advanced payment of 2 cents, on application, will be paid in full within 10 or 14 months.

Mr. McADOO. I may say to my distinguished friend that that is all conjectural, because we do not know what the market price will be.

Mr. BANKHEAD. It is no more conjecture than the statement of the Senator that we are freezing all this 5,000,000 bales.

Mr. McADOO. We are freezing it for the time being.

Mr. BANKHEAD. We do not freeze it at all.

Mr. McADOO. Whether or not we are freezing it is not material to my argument. The only point I am now trying to make is the more we try to prop the market the more difficult it is to create any foreign trade. That goes without saying. Cotton today is selling at 8½ cents a pound. Suppose the Commodity Credit Corporation has 6,000,000 bales of cotton upon which it has loaned 12 cents a pound and it is forbidden to sell it at a price less than that which will reimburse the Treasury for the money so advanced, how, in the name of conscience, can it be sold in foreign markets at a price 4 cents higher than the export price?

Mr. BANKHEAD. Is it the Senator's point that he wants cheaper cotton?

Mr. McADOO. No. My point is that the provision of the bill that has been made for those dealing in cotton does not promote foreign trade in cotton.

Mr. BANKHEAD. What would promote it? Cheaper prices?

Mr. McADOO. How is it going to be sold in any market, whether in the domestic trade or in the foreign trade, at more than the market price?

Mr. BANKHEAD. That is what I am asking. Is the Senator advocating a cheaper price? Does the Senator know that we are not shipping any more cotton to foreign markets with a price of 8½ cents a pound than we shipped when it was 13½ cents a pound?

Mr. McADOO. I did not know that.

Mr. BANKHEAD. Then the Senator ought not to argue the question.

Mr. McADOO. I will accept the Senator's statement, but that is not material to my argument, anyway. We should try by this bill to create a situation under which we cannot only encourage our export trade in cotton and wheat and other commodities, but also do it in such a way that it is not going to cost the Treasury or the people of the United States any money.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. HATCH. The question I desire to ask the Senator deals with the point he is discussing, for it seems to me the Senator from California is laboring under the impression that the "freezing", as he calls it, of this cotton is going to remove available supplies for export. Does not the Senator from California realize that, with the cotton now on hand, even if it is frozen, there will be available for the foreign markets of the world all the cotton and more than they will buy from us at any price?

Mr. McADOO. I am coming to that.

Mr. HATCH. Very well.

Mr. McADOO. I am coming to that and I am glad that the Senator brought it up at this juncture. I may say to my distinguished friend from New Mexico that, of course, it is true whatever may be the effect of this bill, that we cannot sell the surplus cotton of this country in the foreign market. So I think this bill is fundamentally unsound. I think that the true policy we should have pursued would have been to protect our farmers in the domestic market, with a minimum price for their cotton, so that they would be safe whether they could sell the surplus in foreign markets or not; then we should sell the surplus wherever we

could at whatever price we could get for it, but at the same time make the farmers secure in the home market and in the home consumption.

Mr. HATCH. Mr. President, will the Senator yield once more, and I will not bother him any further?

Mr. McADOO. The Senator does not bother me; I am delighted to yield to the Senator.

Mr. HATCH. The point the Senator has made brings out squarely the two different philosophies which have prevailed in the Congress. The Congress has decided upon the other philosophy, and not the one the Senator favors. Having so decided, the "freezing" of the cotton does not change the situation at all so long as we permanently follow the philosophy laid down by the bill.

Mr. McADOO. I concede the Senator's point, but that is not material to my argument. I think, under the circumstances, that the more of this cotton the Government buys, the worse it is going to be when the day of final liquidation comes, because every year we are going to continue to grow a surplus of cotton in this country and the only way, on God's earth, to save the cotton industry, which is declining rapidly all the time because of the increase in foreign production, is to give our farmers the home market, as I have said before, at a price which will give them a profit on the domestic consumption of the crop, and then leave it to them to raise or not to raise any surplus cotton. If they should raise a surplus, then they should be compelled to put that cotton into the hands of a surplus corporation for the benefit of all the people of the United States; for whenever we give them a minimum price for cotton used in home consumption we have bought their surplus for the benefit of the Nation, and it can be so employed. That, in my opinion, is the only way we are going to save the cotton situation in this country.

I know it is needless for me to make an argument for that policy now, because the bill I presented for that purpose was rejected by the Senate by a vote of 40 to 46. It was defeated by six votes, and I am not making this argument with the idea that it may prevent the adoption of the conference report. I am making it merely for the RECORD, because I think the educational processes which are inevitable from a free and full discussion of this question may ultimately lead us to the right solution. That is the only reason why I am making this speech.

Mr. POPE. Mr. President, will the Senator yield for one more question?

Mr. McADOO. I yield.

Mr. POPE. I voted in the Senate for an amendment to the bill containing the philosophy which was in the Senator's amendment. After the Senate had voted down the Senator's amendment, however, and had adopted the philosophy of this bill, and the House had done the same thing, does the Senator feel that the conferees would have had any justification for discarding what the Senate had voted for and what the House had voted for, and adopting the philosophy which the Senate had repudiated?

Mr. McADOO. I concede the point raised by my distinguished friend from Idaho; and I repeat that I am not arguing for the substitution of my philosophy for the report of the committee. I am merely stating it for the RECORD, because I think the educational processes which will continue to revolve around this problem must of necessity proceed until we can find a proper solution of it.

I should like to read an analysis I have made of the cotton export problem involved in the pending measure; but, instead of taking the time of the Senate to do so, I ask that it be incorporated in the RECORD as part of my remarks.

The PRESIDING OFFICER (Mr. HUGHES in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

With respect to the effect of the pending bill on the exportation of cotton it is difficult to form any judgment until definite conclusions are reached as to the interpretation and effect of the so-called Smith amendment, which constitutes section 381 (b) and (c) of the conference bill, and which reads as follows:

"(b) Any producer for whom a loan has been made or arranged for by the Commodity Credit Corporation on cotton of his 1937

crop and who has complied with all the provisions of the loan agreement except section 8 thereof may, at any time before July 1, 1938, transfer his right, title, and interest in and to such cotton to the Corporation; and the Corporation is authorized and directed to accept such right, title, and interest in and to such cotton and to assume all obligations of the producer with respect to the loan on such cotton, including accrued interest and accrued carrying charges to the date of such transfer. The Corporation shall notify the Secretary of Agriculture of each such transfer, and upon receipt of such notice the Secretary shall, as soon as compliance is shown or a national marketing quota for cotton is put into effect, forthwith pay to such producer a sum equal to 2 cents per pound of such cotton, and the amount so paid shall be deducted from any price-adjustment payment to which such producer is entitled.

"(c) The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such a sale are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out by any of its agencies with respect to the cotton so sold. After July 31, 1939, the Commodity Credit Corporation shall not sell more than 300,000 bales of cotton in any calendar month or more than 1,500,000 bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not expended for such purpose shall be covered into the Treasury as miscellaneous receipts."

Depending upon the interpretation of several ambiguous provisions, this amendment can be entirely meaningless or very harmful. First of all, the question arises as to whether section 381 (b) offers any incentive whatever for the producer to surrender his title and interest in any loan cotton to the Commodity Credit Corporation. The only incentive offered is a payment of 2 cents per pound on such cotton, which the Secretary is directed to make "as soon as compliance is shown or a national marketing quota for cotton is put into effect." It is further provided that "the amount so paid shall be deducted from any price-adjustment payment to which such producer is entitled."

The producer is entitled to his payment of 3 cents per pound under the terms of the third deficiency appropriation act at the earliest practicable time after it has been ascertained that "his acreage planted to cotton in 1938 does not exceed his farm acreage allotment for 1938." This constitutes the definition of compliance for the purpose of the \$130,000,000 appropriation available for the payment of price-adjustment payments. It is also provided in section 381 (a) that cotton not sold prior to July 1, 1938, shall be held and considered to have been sold on June 30, 1938. It accordingly follows that all producers who have sold the amount of their quota upon which they were entitled to the payments will get their full payment just as soon as it is administratively practicable after compliance has been determined. Producers who have put all of their cotton in the loan or some of their quota cotton will get those payments as soon after July 1, 1938, as is administratively practicable.

In the case of this 3 cents, or in the case of the 2-cent payment authorized by section 381 (b), the ascertainment of compliance is necessary unless the language "or a national marketing quota for cotton is put into effect" changes the situation. Apparently this language is without effect since the Secretary has no appropriation available for any payment except the \$130,000,000 appropriated by the third deficiency appropriation act, which requires compliance. Section 381 defines compliance and may be construed to amend the third deficiency appropriation act to that extent, but it does not make the funds available to the Secretary simply because a national marketing quota has been put into effect, with which the producer may or may not comply.

In addition, the language "and the amount so paid shall be deducted from any price-adjustment payment to which such producer is entitled" would seem to imply that the Secretary of Agriculture must first determine that the producer is entitled to a price-adjustment payment from which the 2-cent payment may be deducted. It would, therefore appear that the Secretary will be in position to make the 3-cent payment to the producer just as soon as he could make the 2-cent payment under section 381 (b), except where compliance could be ascertained prior to June 30, 1938, and all of the producer's cotton is in the loan.

It would also seem that the provision quoted just above would prevent any producer from receiving any larger amount than he would be entitled to under the 3-cent payment plan, and that it was intended simply to give the producer his payment sooner than he would otherwise have received it. It is worthy of note that the language requiring compliance was inserted after the original provision was drafted by Senator SMITH, and it is believed that it has the effect of depriving the provision of its intended purpose to expedite payments. Attached to this memorandum also is a copy of a letter from Senator SMITH to the editor of the Washington Post, which indicates that "the payment of 2 cents per pound is in lieu of and not in addition to the price-adjustment payment plan, and it will require no additional funds." There is also attached a copy of the press statement issued by Senator SMITH, which states that "cotton under the loan made before July 1, 1938, can be transferred to the Commodity Credit Corporation on the basis of the average price at that time. In that case the farmers will get a price-adjustment payment of 2 cents immediately and they can get the rest later."

This language also supports the idea that the payment to the individual producer is limited to the amount of the price adjustment payment to which he would be entitled.

If the above interpretations of the provisions of section 381 (b) are correct, and will be followed by the Secretary of Agriculture and the General Accounting Office, then the individual producer has no incentive whatever for transferring his title to loan cotton to the Commodity Credit Corporation. He would surrender whatever chance he might have of receiving a higher price for such cotton in exchange for nothing. In such case, therefore, it could not be expected that producers who were properly advised of the situation would take advantage of this provision.

On the other hand, if the provision is interpreted to give the producer 2 cents a pound on all his loan cotton without limitation to his price adjustment payment, an additional incentive is offered and it could be expected that considerable additional cotton would move into the loan and that title to a great portion of the loan cotton would be transferred to the Commodity Credit Corporation and thus impounded. Of course, a question would arise as to whether there are any funds available for such payments and it is believed that there are not, but it must be admitted that the provisions of section 381 (b) could not deliberately have been made more ambiguous.

Section 381 (c) is likewise not entirely clear. It is plain that the limitations there contained are intended to apply to all cotton, title to which is transferred to the Commodity Credit Corporation. From the way the provision is written it would appear that neither before nor after July 31, 1939, could the Commodity Credit Corporation sell any portion of this cotton at less than an amount sufficient to cover the amount of loans, carrying charges, and any price-adjustment payments, although some of the statements of the sponsors of the amendment indicated that the limitation as to the amount at which the cotton could be sold would not be effective after July 31, 1939. From the way the amendment is drafted, there is an additional limitation as to the amount of the cotton to be sold which becomes effective after July 31, 1939, and there is no language to indicate that the earlier limitation as to the price at which it can be sold is made inapplicable after that date.

Equally ambiguous is the question of what cotton is "held on behalf of the United States." Presumably this would cover only cotton title to which is held by the Commodity Credit Corporation or other Governmental agencies and would not apply to cotton pledged to the Commodity Credit Corporation to secure loans. If this interpretation is the correct one, then since no incentive is offered to the producers to transfer title (if that be correct) it is not likely that the limitation on the sale would have any particular effect on the marketing or upon exports of cotton. On the other hand, if cotton held as collateral is included within the term "held on behalf of the United States," the entire amount of loan cotton would be tied up indefinitely; and if the producers would receive additional money as a result of surrendering their title to the Commodity Credit Corporation, it could be expected that very large additional amounts of cotton now held by producers would move into the loan and then into the hands of the Commodity Credit Corporation. A situation might result, therefore, where more than 10,000,000 bales would be in the hands of the Government, and the Government be forbidden to sell the cotton at less than the price specified. Such a situation would probably result in a very great reduction of exports immediately.

It should be noted, however, that unless title to the cotton were surrendered by the producers, they would still have the right to redeem their cotton by paying the amount of their notes plus carrying charges and interest, unless the incentive offered by section 381 (b) is sufficient to persuade them to transfer title to the cotton to the Commodity Credit Corporation.

It will be apparent from the above discussion that until the departments concerned arrive at the proper interpretation of the Smith amendment it will not be possible to evaluate the effect of this bill on the exportation of cotton. Interpreted one way, the Smith amendment can be meaningless. Interpreted another, it can be utterly and entirely destructive of our export commerce.

FIXED PRICE LOANS

In spite of the fact that neither the House nor the Senate bills fixed the rate of loans on cotton, the conferees have adopted the following provision:

"(c) The Corporation is directed to make available to cooperators loans upon cotton during any marketing year beginning in a calendar year in which the average price on August 1 of seven-eighths Middling spot cotton on the 10 markets designated by the Secretary is below 52 percent of the parity price of cotton on such date, or the August crop estimate for cotton is in excess of a normal year's domestic consumption and exports, at rates not less than 52 percent and not more than 75 percent of the parity price of cotton as of the beginning of the marketing year" (sec. 302).

The effect of this provision is to peg the price of cotton at approximately 8½ cents per pound, since the Secretary is required to make loans without regard to his judgment as to the effect. Whether this provision will constitute a major interference to the movement of cotton into export will depend upon the course of the world market price. At a conference with the Secretary of Agriculture last fall it was stated by several of the world's foremost cotton merchants that perhaps a price of 7½ cents per pound would be necessary to keep our markets for cotton, and the Secretary indicated that the views of many of his experts coincided with those of the cotton merchants. If they are correct, therefore, the

effect of this provision may be to compel the surrender of our world cotton market. On the other hand, if foreign producers are dissatisfied with the level of prices and reduce their acreage, the provision may not have any serious effect. It must be plain, however, that it is a very unwise provision and that it will undoubtedly have the effect of persuading some countries to continue to encourage the production of cotton. It may be, therefore, that this provision, unless some additional artificial scheme is adopted, will constitute a final blow to the retention of our export markets.

EXPORT BOUNTIES

Section 203 of the bill takes away the prohibition against the bounties on the exportation of manufactured cotton. The Secretary of State and the Secretary of Agriculture have heretofore indicated their opposition to any such bounties. Nevertheless the removal of this prohibition, if it received widespread attention, is likely to place considerable difficulties in the way of selling cotton to foreign countries beyond the amount necessary to fill hand-to-mouth requirements. Particularly in the case of American cotton merchants who send consignments of cotton abroad and hedge their cotton in the American cotton markets is this amendment likely to produce caution, since the effect of the payment of a bounty would be to separate the American price level and the foreign price level by the amount of the bounty, and the merchant would automatically suffer a loss of that amount. Foreign cotton mills would also hold up any purchases of cotton for stock for fear that their competitors would be given a price advantage in raw-material cost, if a bounty should be put on for the general effect of production restriction.

COMPULSORY RESTRICTION OF PRODUCTION

The announcements of the Department of Agriculture under the Soil Conservation Act and the provisions of the present bill indicate a severe restriction of the amount of cotton to be produced for the season 1938-39. The intended crop is 10,700,000 bales, although careful cultivation and the use of fertilizer on the contemplated acreage may produce a larger amount. If we have normal weather conditions and normal insect infestation, a crop of 11,000,000 bales will probably be produced. If the Smith amendment ties up any cotton, particularly if it ties up a large amount, which one interpretation would cause, there could be a very great shortage of cotton for exportation. It must be plain, too, although it is apparently not to a great many people, that instead of giving notice to the world that we intend to keep our world cotton market the effect of the pending bill providing for restriction of our crop is actually to give notice to the world to go ahead and help themselves to our world cotton market. This is particularly true if foreign producers are willing to produce and sell cotton at the present price. These prices have caused some unrest and dissatisfaction in India, but with the removal of exchange control in Brazil the Brazilian cotton producers are at the present time receiving as much for their cotton as they did last season in terms of milreis, and are expanding rather than contracting their acreage.

Even if the Smith amendment is meaningless, however, the provision regarding quotas and compulsory penalties are such that, if they remain in effect, the Secretary will probably be compelled to proclaim an 8,000,000-bale quota in 1940 under section 343 (a), and we will be out of the world market.

The Commodity Credit Corporation now has tied up about 6½ million bales of cotton, and more is moving into the loan. No one in the trade expects the price of cotton to go high enough to take cotton out of the loan. Foreign cotton producers will see to it that the world price does not go high enough to do that. Our exporters anticipate, therefore, an actual commercial shortage of American cotton of many qualities at the start of this next season, and believe that the position of American cotton in many of the markets of the world will receive a definite set-back.

Many foreign spinners rely exclusively on American cotton because there has always been a large available reserve from which they could obtain any cotton they needed at the market price. Unless the Commodity Credit Corporation adopts some plan which permits cotton to move out of its stocks at the world price—and it will be subject to political attacks if it does—it is anticipated that the present legislation gives a definite blow to any hope for continued maintenance of American exports.

CONCLUSION

The pending measure provides no additional funds for payments to southern cotton producers. The severe restriction of acreage provided will greatly reduce the amount of work available to agricultural labor in the South. The reduction of production will still leave a world supply of cotton practically as great as this year, and there is no reason for anticipating any increase in the price level even if our crop is not in excess of 11,000,000 bales. As a matter of fact, prices would be about the same if the crop were larger. The total income of the cotton farmers next season will, therefore, be greatly reduced. From the point of view of the South, the present bill is simply a repetition of most of the unfortunate provisions which have been in effect from 1929 to date, and unless it breaks down of its own weight there is nothing in the picture to cause any optimism on the part of those engaged in the exportation of cotton.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Missouri?

Mr. McADOO. I yield.

Mr. CLARK. I think I understand the purpose of the Senator from California in the remarks he has made. Let me ask him if it is not true that he is making this exposition in the Senate today by reason of the fact that he is well aware that the conference report, having once been agreed upon, is the only matter now before the Senate, and he is fully aware of the fact that the conference report is going to be adopted. He is simply stating his own philosophy of the matter, with the idea that the subject inevitably must be reviewed at a later time.

Mr. McADOO. In addition to that, I may say to my distinguished friend from Missouri, I feel obliged to state my position about the conference report as a matter of record, because I desire it to be the explanation of my vote when the time comes to vote on the report.

This morning I received a letter from a man in one of the greatest agricultural States in the Union. It is not marked "personal," but I hesitate to use it without the consent of the writer. I should like to read what he says about the bill, however:

There is imperative need for national farm legislation which would be constructive, and which would assure each farmer his fair share of the American market at an American price, and leave the farmer free to produce any amount for foreign markets he may desire.

That is practically the bill which I introduced here.

The farm bill as per the conference committee print would continue a policy of scarcity, Government control, and bureaucratic regimentation under which the farmer would exchange his American freedom for less than a mess of pottage. The policy of attempting to control and reduce agricultural production will drive people off the farms onto relief. It will increase the debts and taxes, diminish purchasing power, and curtail employment.

Under this economically fallacious bill, our farmers will face both short crops and low prices, which will be disastrous to them and to the Nation. The farm bill as per the committee print, will not solve the agricultural problem, but will cause further loss of foreign markets. Agriculture is our basic industry, and there is no good reason why the Congress of the United States should pass an impractical, indefinite, un-American, and perhaps unconstitutional farm measure.

If the present farm bill is fully discussed on the floor of the Senate, its fallaciousness will be disclosed, and the Congress will substitute therefor a farm bill which will give the farmer a definite and practical program, and one that will benefit all groups of American citizens as much as it does the farmer himself.

Mr. POPE. Mr. President, will the Senator yield at that point?

Mr. McADOO. I yield.

Mr. POPE. Does the writer of the letter which the Senator has read outline any farm bill which he thinks would be satisfactory?

Mr. McADOO. He has not attempted to do so in the letter. What his reasons are for not doing so, I cannot say. I continually hear speeches made by Senators which are just like this letter from my friend. They criticize and object to things without proposing alternatives, just as I am doing today; but I hope I am offering some helpful suggestions for the future.

Mr. President, in conclusion I wish to say, again with an apology for taking so much of the time of the Senate, that it is with genuine regret that I find myself unable to support this bill. It does grave injury to my State. I think it will do grave injury to agriculture throughout the country. I think any complicated measure of this kind which attempts by legislation to revolutionize the farm economy of the United States, which is based upon these major crops, is bound to have repercussions and unfortunate results which in the future will require correction at the hands of Congress.

With that statement, Mr. President, I renew my thanks to my colleagues for giving me their patient attention.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1077) to amend the act creating

the Federal Trade Commission, to define its powers and duties, and for other purposes.

AGRICULTURAL RELIEF—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

Mr. SHIPSTEAD. Mr. President, I know that other Senators desire to speak, and I have promised them that I shall conclude my remarks as quickly as possible. In order to avoid taking up time by a general discussion of the bill and interfering with other Senators who have remarks to make, I shall refuse to yield to any interruption. We are to vote at 3:30; and out of courtesy to other Senators who desire to speak I shall present the picture as I see it, and ask not to be interrupted.

From a study of the bill in relation to the general economic system of the country, I have come to the conclusion that the farm problem cannot be solved merely by voting on an agricultural bill. Some other things are necessary to bring the farmer the economic security to which he is entitled, and to which the bill says he is entitled.

I shall not criticize the bill. That has been done. I do not intend to do it. I offer no criticism of the committee. But I have come to certain conclusions from a study of the bill, and I have followed the trail which I found it was necessary to follow in order to see how it would fit into our economic system of this country.

In the beginning, I must call attention to a little bit of history to show what agriculture has done, and how it has suffered from a constant attack upon its income by the non-agricultural population and by industry. So far as I have learned anything from history in regard to the course of past civilizations, I find that civilizations have gone down principally because of the exhaustion of agriculture, and the attack of the nonagricultural populations upon the income of agriculture. I think we ourselves have already gone far in that direction.

I have here some figures which were compiled by the various departments of the United States Government; and, taking those figures and those statistics, I asked the Bureau of Agricultural Economics to prepare for me these graphs in order more specifically to illustrate the problem to the Senate.

Here is a graph showing, from 1880 to 1935, the percentage of total farm population. In 1880 more than 45 percent of our population was on the farm. Today about 25 percent of the population is on the farm.

This graph shows how farmers are being deprived of their property and homes and becoming tenants. In 1880, 25 percent of our farmers were tenants. Now about 42 percent of our farmers have become tenants, showing that since 1880, and even before that time, agriculture has gradually been undermined, and has been suffering from a constant, progressively intensive attack upon its income by the non-agricultural population.

During that period, what did agriculture do for the United States? It fed the population; and it did more than that. It fed the world. England forsook agricultural production and became an industrial country. The money that built the railroads of the United States, the money that built the cities of many of our States, was raised by the issuance of bonds which were sold to European investors by the banking houses of Amsterdam, Antwerp, Paris, and London; and who paid the interest charges on those bonds? Our main and practically sole export was agriculture; and the foreign exchange which paid the interest owed by this country for building railroads, cities, States, and counties was paid by agriculture.

What did it cost the farmer to feed the world, build our cities and our railroads, and support our great shipping?—because the farmer paid the freight to Liverpool on every

agricultural commodity that was shipped there, and thus our shipping was supported by agriculture. What did it cost the farmer to do that? He has been losing his farm, and the farm population has gradually been driven to the urban communities.

It has been suggested to me that because there are so many less people on the farms now, the farm population ought to be satisfied with less total income than it had proportionately in 1880 or in 1910. The answer to that is that these 25 percent of our population are feeding so many more people, and therefore they ought to have a greater share of the income. Consider the year 1910, when 35 percent of our people fed themselves and 65 percent of the population. Like a boarding-house keeper who used to feed 4 people and now feeds 10, he ought to have more of an income for feeding 10 than he had for feeding 4. That is one illustration of what it has cost the farmer.

I refer now to another illustration, of constantly increasing farm mortgages. In 1910, 10 percent of the valuation of the farm land and the buildings was mortgaged. Then, with the cheapening of the dollar, valuation increased. When the dollar became dear, a valuation of about \$30,000,000,000 in farm values was wiped out, and now, according to the Department of Agriculture, 20 percent of the valuation of buildings and land, is mortgaged, and 42 percent of the farmers have become tenants.

I refer now to another chart, to show how this intensive and progressively intensifying attack on the income of the farmer has been accomplished. In considering this graph, and the period from 1910 to 1914, we assume that all these freight rates, farm-machinery prices, and farm prices, are at 100. Of course, they were not at par, but this is for the purpose of illustrating what has happened since 1915, to show the intensifying attack upon the income of the agricultural community.

It is confined, for the purpose of clarity, to only a few items, for instance, freight rates. Here we see an increase in freight rates, and Senators will notice that the price of transportation, where the farmer pays the freight both ways on everything he buys and what he sells throughout that period of time, rose sharply and remained practically the same up to the present. That is on the theory that our industrial system and our transportation system are built on the feeling that the higher the prices the more prosperous the industry. If that were true, the railroads ought to be in fine shape today. If that were true, the industries of this country ought to be in fine shape today. This shows, for instance, the prices of agricultural machinery constantly remaining the same, following a terrific increase after 1915. When the depression came, and they could not get the prices they had raised so high, they quit producing, and dropped to 6 percent of production. Here we see that while industrial prices remain steadfast, farm prices slumped to almost nothing.

Here I show farm taxes, another terrific attack upon the farmer's income. While this chart to which I am referring applies only to farm machinery and to railroad rates and to taxes, the general economic picture as stated in figures of the Government itself would prove that other industrial prices are constantly increasing, and were maintained throughout the depression, which showed a persistent and constant attack upon the income of the farmer.

I refer now to another chart, showing the production of agriculture and of industry. Senators can see that agricultural production has remained practically steady. Here we have the drought area, or the period of the drought. When the drought attacked 42 States, in addition to what we call reduction of production, with all that pressure against production, we succeeded in having very little reduction of production, and of course the cost of production on account of industrial prices remained the same.

Here is a chart showing production of industry. Industry is supposedly based on the theory that is called mass production. It is not mass production at all, as I see it. The machinery is set for mass production but mass produc-

tion is not permitted. The efficiency of the American system of production is not permitted to operate because the minute there appears to be from some source economic purchasing power in the country, the industrial system immediately starts to raise prices, and raise prices at a vigorous speed, as though they did not want people to buy. When purchasing power comes, prices start to rise, and interfere with sales and, therefore, production, because there are less sales on account of high prices. When they cannot get the high prices any longer, they shut the factories, and down goes production, withholding from the people the benefits of mass production and cheaper goods.

How has that system worked? To me it seems very plain what the answer is. Instead of having poverty in plenty, we have poverty in potential plenty, because the machinery of plenty is not permitted to operate under monopolistic practices. Everything is subjected to monopolistic price fixing, and unless industry can get the price it wants, it always decreases production until it has exhausted purchasing power. People are thus deprived of benefits they should have because the purchasing power is destroyed.

Under that system, what is the logical conclusion? There are high prices and reduced production. As production is reduced, unemployment is increased. As unemployment is increased, larger sums must be appropriated for relief, and as larger sums are appropriated for relief, there are higher taxes, and that again increases costs, and induces higher prices, and that again reduces sales, because it exhausts purchasing power so much more quickly, and reducing sales reduces production, and reducing production increases unemployment, and that increases appropriations for relief, and that increases taxes, and that again increases costs, and there is the same cycle working over and over again until cost gets so high nothing is produced. That spells suicide. After all these years of remedial legislation, still 10,000,000 out of work, 6,000,000 on part-time work. Relief appropriations going up, tenancy increasing, people dispossessed of ownership of property.

We have been told, and asked to believe, that the American system of industrial production is an intelligent system. High prices spell less and less production to be sold for more and more. Higher prices, less production—pay more and more for less and less.

If that were an intelligent system, certainly our industry today ought to be in a very flourishing condition. If that is an intelligent system of production and distribution, our laboring people ought to be employed all over the country. That has been the system to which we have been subscribing, and of which we have been so proud. Yet, I am informed that today, under that system, which is said to be so intelligent and so efficient and so excellent, 10,000,000 people are unemployed, and 6,000,000 people are working on part-time employment. No white man's country in the world has so many people on relief as we have. With the exception of Russia, there is no country in the world with so great natural resources as this. If our system of production were permitted to operate, if efficiency of production were not withheld through monopolistic practices, our people would all be working and enjoying the benefits of mass production. If mass production was permitted to operate, unit costs and prices would be lower, more goods produced, more labor employed and more security.

Mr. President, that is not the system into which this bill intends to integrate agriculture. It is on the other hand based on the assumption, so far as I can see, that industry has been very intelligent, and has been very successful on the theory of scarcity, and that a system of scarcity of operation is good for the country and is good economics. If that be true, then the bill fits into the economic system of the country, and ought to be a part of it. If this bill will integrate agriculture into this system of production and make it a part of it and stop the constant, intensively increasing attack upon the income of the farmer, and give him the share to which he is entitled and the share that he must have, it ought to be adopted. I do not believe it will accomplish this.

Here is another graph showing industrial production and prices of durable goods. It will be seen that when the time came when people could not buy any more, prices were not reduced sufficiently to make any difference. The purchasing power had been destroyed through high prices. There was no more purchasing power, so production ceased, but prices remained the same.

I indicate on the graph the agricultural production and prices. Senators will see the difference between the two. Here are the industrial prices. Here is industrial production. Senators will see, however, that even with the drop in prices and with the curtailment of acreage agriculture was forced even by the cruel forces of nature to continue production, because of the difficulty of reducing production.

Mr. President, if high prices and controlled production represent the road which leads to salvation for the industrial system, then agriculture ought to be integrated into it. Suppose we do that. Suppose this measure will accomplish everything we hope for it; suppose that control of production is successful, and that it is practical, and through parity payments on five major agricultural products will be given a fair price—what is there to prevent these industrial corporations who control production and prices from again raising prices and taking away from the farmer every benefit he has under this measure?

It is now generally conceded that the railroads are going to get an increase of 15 percent in their rates.

That means 30 percent, because a farmer who ships his grain to Liverpool delivers it at the price he receives at Liverpool. If he buys anything from the industrial part of the country, he must pay the freight back. So to him an increase of 15 percent in railroad freight rates means an increase of 30 percent.

On the other hand, I realize that the proponents of this measure say it has for its purpose the giving to the farmer of his parity of income. If he is to get that, and if this measure becomes a part of our legislation, fitting agriculture into the economic system, then the purpose of it ought to be carried out. As I understand it, the \$500,000,000 that was taken away for the purpose of benefit payments has been restored for conservation payments, and I think that is a good thing. But what will it cost to give the farmer what we say in this measure he ought to have? It must be raised by taxes. And the logical thing to do is to provide the money to give it to him, and then see to it that these monopolistic corporations which fix prices on everything the farmer buys cannot take it away from him under the system under which he has been operating.

The farmer's share of the national income, to which we say he is entitled, is 17 percent. That was what he received in the period from 1910 to 1914, inclusive. There are more people to be fed now, and therefore the agricultural population ought to have more than it had out of the national income in the period from 1910 to 1914, because the agricultural portion of our population feeds more people, but that period and that income has been set as the standard, so we will accept that. What will it cost to give the farmer that? We must levy taxes to furnish parity payments on the five major crops. Then there are no parity payments for the farmer who does not raise one of the five major crops. There is nothing for the dairyman and poultry farmer, livestock man and fruit grower. He will practice soil conservation and he will get soil-conservation payments, but there is nothing provided to give him his share in the national income. I am here to give the picture as I see it. But assuming we were to give the farmer 17 percent of the national income and assuming that the national income would be the same as it was in 1936, with the \$500,000,000 included. In 1936 he had not quite 9 percent of the national income. He is entitled to 17 percent of the national income. We must make up the difference in taxes. So far as I can estimate, in order to give him what he is entitled to and what he ought to have, we must levy taxes in the amount of about two billion to two and a half billion dollars, in addition to the \$500,000,000 we give him in conservation payments.

When the agricultural appropriation bill comes through, and if an amendment to that effect is offered, I shall vote for it, if Congress makes this the agricultural policy and integrates it with the industrial policy of the country. That will be the honest thing to do.

I am free to say I think industry is committing suicide, because under its system of operation it keeps more and more people on relief. When the Government started to spend money, prices and production advanced right away. When the Government did not have any more of the taxpayers' money, the purchasing power went down and relief was started, and so we asked for more appropriations, and more taxes were levied, and because of the lack of operations people cannot get work, they must be fed, and the taxes will undermine the industry itself.

I would with great reluctance cast a vote indicating that I thought this system of industrial production and price control was an intelligent system. For industry it is suicidal. If permitted to continue, it will bankrupt the country and bring ruin. I think it has gone a long way toward doing almost irreparable damage to our economic life, our political system, and to the country in general, and to our population, making paupers out of our people. More and more people have lost their homes and their farms; more will lose them. That is continually progressing in spite of all our experimentation and all our benefit payments. In 1936 the American farmer received about \$3,000,000,000 below his share of the national income.

Mr. President, I have been here a considerable time. I voted for agricultural bills because it was said they were the best we could get. I do not find any fault with anyone who votes for this bill. Anyone who believes in this present system of production and distribution ought to vote for it. I am not going to discuss its constitutionality. I assume that that has been done by men more able to do it than I am. I am discussing it simply from the standpoint of economics as a part of this present system of industrial production and control of prices.

I know that the measure is going to pass. I am not making these remarks for the purpose of preventing its passage. I know it is going to pass. But I would make one suggestion, if I may, that in the early future the Congress of the United States select from the House of Representatives and the Senate certain members of the Committees on Interstate Commerce, the Committees on Finance and Ways and Means, the Agricultural Committees as a joint committee to study the economic problems affecting the country as a whole. We have been approaching the solution of our economic programs piecemeal. We deal with the situation or approach the question very much as the blind men in the story who touched various parts of the elephant and then attempted to describe him. We say we must do something for the farmer, and then we say we must do something for the railroads, and then we say we must do something for the banks, and then we say we must do something for business. Out of this conglomeration we are not advancing, we are retrograding. We are getting more and more in debt. I apologize at this late hour for not being able to offer anything better, because the problem is too large to solve in a month or two, or even in a year. We have accepted bills prepared for us by so-called experts and get nowhere.

I call this to the attention of the Senate for the purpose, if I may, of showing how the economic system of the United States should be studied as a whole, with the idea in view of integrating one thing to the other, but not letting one arm of our economic system destroy another, because if one is permitted to destroy the other, the whole structure will fall.

I should like to call attention to just one more chart. I have before me a chart which I exhibited to the Senate on a previous occasion. It shows a comparison of national income with agricultural income.

National income has varied with the variation in the value of the dollar. It has been said that the national income last year was something like sixty-five to sixty-eight billions.

The national income for the period of 1909 has been referred to as low. The reason why the national income seems low in that period is because the national income is stated in terms of dollars; and in comparing the national income for two periods the dollar represented in one period may not be comparable with the dollar of another period. The dollar is worth more at one time than at some other time; and while the national income may be increased in dollars, that does not necessarily mean that our national wealth has increased. It is very easy to raise the national income in terms of dollars. By cutting the dollar in two it is possible to raise the national income from \$50,000,000,000 to \$100,000,000,000. One can go even further than that.

One can take the dollar and cut it into four pieces, and call every 25-cent piece a dollar, and make the national income \$200,000,000,000. So, while some of these figures may indicate that there were a great many dollars—credit dollars—that does not necessarily mean that our national wealth was increased. Shutting off production does not increase the national wealth. It restricts the production of wealth. We may cheapen the dollar and make more dollars, but whether I make \$1 a day or \$10 a day makes very little difference if in either case I can buy a pair of shoes with my day's wages.

One of the charts represents the income of the agricultural population. It occurs to me that the resulting picture produced by the chart is quite appropriate. As you will see, one line represents the income of the nonagricultural population and another represents the income of the agricultural population. It seems quite appropriate, as shown by the chart, that the nonagricultural population should be standing on the backs of the agricultural population. Of course, the chart was not constructed to convey that idea, but the idea occurred to me in looking at the chart.

The chart for 1936 shows the national income in comparison with the agricultural income. The agricultural income, including benefit payments, production control, and so forth, should have been at this point [indicating] about 17 percent, rather than here [indicating] less than 9 percent. So it can be seen that in 1936 the farmer got only 50 percent of what he was entitled to.

If it had not been for the attack upon his income through the control of production and high prices of industries, his income would have gone much further than it did. It would have bought more. But the farmer was still suffering from the policy of constant attack upon his income. This attack is never interfered with by the Government. It is often encouraged by the Government, not only through legislation, but through decisions of our courts, and through the economic pressure of industrial and financial economic power.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. TYDINGS. Do these charts represent the same dollar all the way through, or a varying dollar?

Mr. SHIPSTEAD. They show the situation in terms of the varying value of the dollar.

Mr. TYDINGS. The old dollar and the new dollar?

Mr. SHIPSTEAD. Yes. During the war we had credit inflation, which cheapened the dollar. Then we had deflation. Now we have another inflation, cheapening the dollar, so we must not believe that because we have a greater income in terms of dollars, we necessarily have an increase in wealth.

I think the bill, as it comes from conference, is a better bill than the bill which left the Senate. I think it is better as regards the details of the conservation payments and the management features. There is some provision in the bill for the insurance of wheat crops. The insurance feature is an interesting experiment, and I hope it will be successful. However, the bill involves commitment to a policy of industrial economics which I believe is destructive of our economic life, and which, if continued, will undermine our system of government, not because of the bill, but because of

the economic forces which are at work in this country undermining our economic life.

Many people think such a system is intelligent and efficient. In my opinion, it is nothing of the kind. The bill, to my mind, seems to assume that it is necessary for the farmer to become a part of that destruction system. I hesitate very much to commit myself to such a policy.

I have a great deal of sympathy for the Members of the Senate who have worked so assiduously and so earnestly for this bill. I know their earnestness and sincerity, but I am becoming more and more convinced of the immensity of the problem we have to solve.

I apologize for my inability to be present last year when the foundation of the bill was laid. It was impossible for me to be present. I am not sure that I could have offered a better bill if I had been present.

From a recent study of this bill, I have come to the conclusion that the proposed legislation, as it would fit into our economic situation, is intended to become a part of the destructive system to which I have referred and which is not regulated. If we are going to regulate agriculture, we must regulate industrial production and industrial prices. If we can do that, we may be able to stop the destructive process. I do not know whether it is desirable for us to attempt such regulation. The ultimate logic of it is that we must go through with it. If that course is found to be the road to salvation, we will have to take it. I do not like the prospect of the consequences involved in such a program, because I have little faith in Government efficiency and honesty.

On the other hand, if something can be done to stimulate industrial production and do away with high prices, high profits, and monopolistic practices in connection with industrial production, it will be a good thing. The farmers have been forced to a policy of plenty, a policy of producing wealth in abundance, instead of restricting it.

Consider what the farmers did for the country when they produced to the limit. They built the country. As I have said, they built the railroads and the cities. The cities stand on the backs and on the graves of the farmers who made this country by producing real wealth in plenty. Perhaps it can no longer be done. I should be willing to join with anyone in making a study of the whole economic system of the country as a whole and in trying to see if we can establish an intelligent, sane, and economic balance. It has been said that the economic balance between agriculture and the urban population is what has kept France on her feet.

In 1931 England had to take drastic steps in her economic life. The first thing she did was to see to it that prices were not raised. We followed the opposite course. We have said that the road to salvation lies along the way of high prices and control of production. I repeat that if that is the road to salvation industry should be very prosperous and labor should be employed.

Mr. President, out of courtesy to other Senators who wish to speak, I do not want to take any further time of the Senate. At some future date I expect to have something further to offer, perhaps in the form of a remedy, but due to the lateness of the hour I shall not now take any more of the time of the Senate.

Mr. BORAH. Mr. President, I do not rise to discuss the bill at this time, although I hope to do so later. I should like to suggest that there ought to be some way by which to preserve the charts referred to by the Senator from Minnesota [Mr. SHIPSTEAD] so that the public may have the benefit of them in connection with the Senator's remarks. I understand it is not permissible under the rules to print them in the RECORD. I should like to ask those who are familiar with such things if it is practicable to print them as a Senate document.

Mr. McNARY. Mr. President, that question has been answered before. It is practicable, but it requires the unanimous consent of the Senate, in view of the rules. I think the Senator could get unanimous consent to have them printed as a public document.

Mr. BORAH. Mr. President—

Mr. SMITH. Mr. President, before the Senator begins, I should like to ask just one question of the Senator from Minnesota.

Mr. BORAH. I should like to submit a unanimous-consent request, and then I shall yield the floor. I ask unanimous consent, Mr. President, that the charts which have been referred to by the able Senator from Minnesota in his address be printed as a Senate document.

The PRESIDING OFFICER (Mr. MURRAY in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. BORAH. The Senator's remarks, of course, should be included. I shall discuss the bill later.

Mr. SMITH. Mr. President, a great deal of criticism has been leveled at this bill. It has been criticized on the ground that it looks toward Federal control of agricultural production. The Senator from Minnesota [Mr. SHIPSTEAD] criticized the industrial system. Would the Senator advocate the control of industrial processes by the Federal Government?

Mr. SHIPSTEAD. I am willing to do anything within reason that would restore the proper balance in our economic life. I am inclined to believe that legislation can be enacted to stop monopolistic practices and to enforce competition and efficiency. Such legislation would compel competition, which would naturally lower prices. The automobile industry may be cited as an example of an industry in which there is terrific competition, which brings about efficiency and real mass production. I do not know of any other great industry that has that system of competition. It has made the automobile industry the most profitable industry in the country. It undersells all foreign competition and sells its products in the domestic market and all over the world.

Mr. SMITH. I am just wondering if it would be possible to draw the line between what is a monopoly and what is clearly efficient and cheap production. Everything moves along the line of least resistance. People are going to buy where they can get value for less money. There may be certain combinations or forces that will supply to the consuming public a product at a much less price than would be the case if the product were distributed along the lines of so-called competition. I wonder if legislation could be so framed as to draw the line between those who are possessed of the ability to produce a given necessity at a lower price because of efficiency, and allow them to serve the public while regulating those who certainly use monopoly for the purpose of crushing competition and then recouping themselves at the expense of the public?

It is not an easy problem; it is not easy in the bill we have before us. I did not intend to have anything to say about the bill, and do not now, but I was intrigued when the Senator from Minnesota was criticizing the industrial system outside the realm of pure monopoly. He was criticizing it as a system, saying that whenever it became unprofitable to produce, those engaged in that system stopped producing and then waited until production again became profitable.

Mr. SHIPSTEAD. I did not say they stopped because it was unprofitable; I said they stopped because they could not get the price they wanted.

Mr. SMITH. I think that amounts to the same thing.

Mr. SHIPSTEAD. I do not wish to discuss that point now, as I know that other Senators desire to address the Senate, but I shall be glad to discuss it at some future time.

Mr. McNARY. Mr. President, I shall condense my remarks to a very few moments. Other Senators desire to discuss the bill, and under the unanimous-consent agreement we must conclude the argument by 3:30 o'clock this afternoon. I shall yield sparingly because of the short time I have within which to speak.

My attention has been called to a certain provision in the conference report found on page 153 of the triple print. I speak of it because it seems to be a very unusual provision and casts upon the Government an exceedingly heavy burden

and will operate in the bill as a subsidy, if I have a proper understanding of the language.

In the bill, as I read it, there is a provision which, by the way, was inserted in the conference report without ever being considered by the House or Senate committees or on the floors of the House or the Senate; it crept in and has remained there, because of the ruling of the Vice President, which has so changed our practice as to leave us now with a third house, wholly independent of the Senate and House of Representatives, to formulate our legislation. Upon that subject I shall address myself to the Chair at some other time.

If I understand this proposition—and my remarks are addressed to members of the conference committee—it appears that in 1937 the Federal Government made a loan to the cotton producers of 1937 of 9 cents a pound on between five million and six million bales. If I am incorrect in any of my statements, I wish to be corrected as I go along. Cotton, at the present time, is being sold for about 8½ cents a pound. The loan to which I refer was made nearly a year ago. In the meantime, interest, insurance, and warehouse charges have run against the cotton. The bill as framed by the conferees, if I understand it correctly, provides that the title and the possession of this cotton shall be transferred to the Commodity Credit Corporation. After July of this year, if the grower and owner of the cotton complies with the soil-conservation agreement for 1938, he will receive, in addition to the 9 cents, 2 cents a pound, which will make 11 cents a pound on cotton, which is now selling for 8½ cents in the market, and the Federal Government will assume arrearages in the payment of warehouse charges, insurance, and interest, which amounts to about \$4.50 a bale, representing nearly a cent a pound and making a total indebtedness incurred by the Government of 12 cents a pound. At this point I desire to place in the RECORD a statement as to the various charges, which shows that they aggregate \$4.30 for a 500-pound bale. In order that I may hasten on my remarks, I ask that the statement may be incorporated at this point, without reading.

The PRESIDING OFFICER. Without objection, the statement will be incorporated in the RECORD.

The statement referred to is as follows:

Warehouse charges per bale per month including insurance on 1937-38 cotton: Maximum, 25 cents; minimum, 14 cents; compress rate minimum, 17 cents; approximate average, 20 cents.

1934-35 cotton: Maximum, 25 cents; minimum, 11½ cents; approximate average, 16½ cents.

Interest to producers, 4 percent per annum.

Banks carrying loans allowed 2½ percent for time cotton is held. One and one-half percent to Commodity Credit Corporation.

Estimated annual carrying charges per bale, including insurance, \$4.30.

Mr. McNARY. The peculiar thing about it all, and the philosophy which underlies this "investment" on the part of the Government is that this cotton, after being impounded by the Federal corporation, cannot be sold in excess of 300,000 bales a month or a total in 1 year of 1,250,000 bales.

Mr. President, if 6,000,000 bales are now held it will take nearly 6 more years to distribute into the currents of trade the 6,000,000 bales of cotton that have been impounded. The result will be that during this whole period the Government will be carrying these charges I have enumerated which amount to about \$4.30 per 500-pound bale. During a period of nearly 6 years Senators can figure what the aggregate will be.

Then, during that time there may be a constant flow over and above normal yield and consumption of cotton. This supply, which may be abnormal, is in addition to the 1,250,000 bales of cotton, running all the while into the currents of production. It will take the Government nearly 6 years to get rid of this cotton, and all the time deterioration is taking effect and charges are piling up. In my opinion—and I hope this record may be consulted at the end of the 6-year period—it will have a demoralizing effect upon the price level of cotton. I feel that those who are taking this

subsidy today are taking it at the expense of those producers who are going to make cotton in the future. How a provision of this kind could be written into a bill of this nature is beyond explanation.

Mr. BONE. Mr. President, will the Senator from Oregon yield for a question?

Mr. McNARY. Yes. I had hoped that I would not have occasion to yield, because I must hurry along. But I yield to my very good neighbor and friend from Washington.

Mr. BONE. Could the Senator tell us approximately what it would cost the Surplus Commodity Credit Corporation to make a 2-cent loan on cotton; and, to go a step further, I may state that I ask that question because that corporation has loaned money on apples or made purchases of apples from our apple growers in the Pacific Northwest; and it has seemed to me that the fund available for the type of loans that have been helpful to our farmers there will be no longer available if the cotton loans are made.

Mr. McNARY. I have not those figures, but if the Senator will take 6,000,000 bales of cotton, multiply it by 500 pounds to the bale, and then take a loan of 3 cents to date, I think he will find that with a 1-cent loan the bill is about \$25,000,000 a year, and with 3 cents on 6,000,000 bales multiplied by 500 pounds to the bale the total would be pretty close to \$70,000,000. It is too late to remedy this except by defeating the conference report, a result which I do not anticipate.

Mr. President, hurrying along rapidly, it must be said that this bill gives no new benefits that are not now provided by existing law save a subsidy to the cotton growers of 1937, which I use as the text of my remarks. It simply extends the provisions of and carries on the good work being done by the Soil Conservation Act. It only does one thing to the farmer. It places certain restrictions about him. It also covers him with compulsory provisions and makes him a vassal of the Secretary of Agriculture.

When the committee took the bill down to the boys on the farm and on the range, it contained two hearts that beat as one. One was the ever-normal granary, the song from the very heart of the Secretary of Agriculture. That has been eliminated from the bill. The other was the parity price, which intrigued the farmers. They wanted parity price, and they are entitled to parity price. That was the covenant of the measure. It then contained 46 pages. Now it has grown into 121 pages; but during that growth nothing has been included in it but coercion. The benefits which the boys were told they would receive through parity payments are not in the bill. The conferees cut them out.

The present occupant of the chair [Mr. MURRAY in the chair] and the other Senators who are doing me the honor to listen to my remarks will remember that when the bill came to the Senate it contained a mandatory provision that the Secretary should make parity payments based upon the average price the farmer received during the golden age of 1909 to 1914, during the administrations of President Taft and President Wilson, when there was no farm relief measure on the books. In the bill at that time was a parity schedule, showing what the benefits to the farmer would be per bushel or per pound. If you go through the record of the hearings at which the farm boys came before the committee, you will find that it was parity they were seeking, not compulsion. Parity is not in the bill at present, however, nor is one cent provided for parity payments. Therefore, I say the bill that comes from the conference committee does not carry any benefits in addition to those now on the statute books; but, on the contrary, it carries a philosophy and a policy which I am afraid will be regretted by the American farmers in a short time.

Mr. POPE. Mr. President, will the Senator yield for a question at that point?

Mr. McNARY. Yes.

Mr. POPE. Is the Senator in favor of appropriating additional money to make parity payments?

Mr. McNARY. Yes, indeed.

Mr. POPE. I am very glad to hear it.

Mr. McNARY. I am in favor of it, Mr. President; but I did not go abroad telling the boys "down on the farm" that parity payments are in the bill. Parity payments were the only thing I saw in the bill that had any value. I never was for the ever-normal-granary scheme. It was ruined by a provision which was inserted in the bill when it was before the committee, and wholly apart from the text which the committee took to the boys living out in the country. But the consumers of the country were intrigued to study the bill. Some few of them believed in it because of the ever-normal-granary feature, which was calculated, in a time of scarcity and scantiness of production or drought to prevent the price level of our foodstuffs from becoming too high. That is out of the bill.

Hastening on, Mr. President, the bill gives the Secretary of Agriculture more power than has ever before been given to a ministerial office in this country, or, I might say, in the world, because in most countries the person in power, whether he be emperor or king or czar, wields that power; but here we are giving it to a Cabinet member. The bill makes the Secretary of Agriculture the autocrat of the breakfast table. He practically controls the price of everything consumed on the table, from fruit juices in the morning to dessert at dinnertime. Let it be understood that I do not claim that there is any power here directly to let the Secretary fix these prices; but the power lurks in the bill, through acreage control and through the requirement of marketing quotas, which is production control in another fashion, to influence the price level of the commodities covered by the bill. Their values are directly related to the values of every other farm product that is raised. The less the production of wheat and corn, the higher the cost of poultry and eggs and beefsteaks and vegetables of all kinds. In that fashion the Secretary of Agriculture, under the provisions of the bill, if he decides arbitrarily to use this power, in some instances must do so under acreage control, and the acreage allotments which are fixed in the bill for 1938, and the assignment of marketing quotas.

Who ever thought that in this country we would give the Secretary of Agriculture this unusual superpower to regulate the diet of the poor man, and the diet of the rich man, and all those who range between? It presents an unthinkable situation.

Mr. President, this bill is designed wholly to create scarcity in production. There would be no reason for the allotment and control of acreage, and the control of marketing quotas, unless the purpose were to create scarcity, and make this country in a few years self-contained and self-sufficient. If that is to be the nationalistic view, I think it is too bad for agriculture. In all the bills which Congress heretofore has had before it for consideration, the question always was, "What can we have for domestic consumption? What will be the price for the products which are domestically consumed? Are we aiding in any way the exportation of our surpluses and getting rid of them on the world market?" Nothing of that kind is in this bill. Always heretofore, when we were becoming self-sufficient and taking a narrow view of the farm problem, we have considered the matter of adequate tariff protection. Not so here. There is not a word of that kind here. Under the policy of the Secretary of State and of the administration, through the reciprocal-trade agreements, we find that more and more imports of agriculture are coming into the country to a greater extent than we have ever known at any previous time in its history. Indeed, I recall not long ago reading in one of the newspapers published in Washington that during January of this year, for the first time in the history of the country, agricultural imports exceeded agricultural exports by a wide margin. Under this plan, in my judgment, if we have a drought in 1938 or 1939 or 1940, whenever this measure may end—because it has no ending so far as language is concerned—we shall find it necessary to import into this country millions and millions of bushels of wheat and corn, and large quantities of cattle and livestock and dairy products and other rural products.

Mr. President, much could be said against the bill. I must hurry along, as I have already occupied 15 minutes; but in conclusion I desire to say that it is useless to pass this measure. It will give nothing new to the farmers, except to the cotton growers of 1937. It will not aid by one iota the growers of the other products mentioned in the bill. It will do positive damage to every other crop not mentioned in the bill. The gross income per annum of those mentioned in the bill is less than two-fifths of that of the crops not mentioned in the bill, and the bill will only add to their production a higher cost.

The bill simply puts a little more harness on the farmer. It gives to the Secretary of Agriculture superpower to direct the farmer to handle his property in the way the Secretary desires. The proud American farmer, who formerly boasted of his individuality and his independence, has lost these cherished prerogatives under this bill. I say to you, Mr. President, and to the other Senators present, that in a very few years, in my judgment, the vote cast today for the conference report will be regretted by those who vote for the conference report, because they are substituting a servile agriculture in the place of the proud and independent agriculture which made America great.

Mr. President, those are a few of the major reasons for my position regarding the bill. I shall not comment upon the constitutionality of its provisions. In my judgment, the bill runs counter to the decision in the Butler case, the A. A. A. case. It cannot particularly please the administration, because the President, in his famous speech at Wichita, said that he did not want compulsory control of farming; he wanted the control to be voluntary. In this case it is coercive. The Secretary of Agriculture said that the heart of this whole plan was the ever-normal granary. It is gone. Soil conservation, I repeat, is the only thing left in the bill that is worth while, except that it contains the unfortunate addition of compulsory control of the farmer.

Mr. President, these are the major reasons for my opposition to the bill, and there are a number of minor reasons, and all taken together make it impossible for me to support the bill.

Mr. President, I will say one further word, so that I may not be accused of not having any ideas about farm matters. For 4 years I worked on the floor of the Senate on a bill which bore my name, in part, which in its philosophy, in its general purpose, and in its efficiency, was incomparably better than the measure before us. There was the debenture plan, which was backed by the National Grange. There was the plan which our friend, John A. Simpson, president of the Farmers' Union, supported, which was tendered recently by the able Senator from California [Mr. McAdoo]. Those were workable plans; those plans would leave the farmer independent; those plans would give us the highest domestic prices; those plans would regulate foreign importations. Those plans would protect the farmer from invasion of foreign-produced agricultural products.

Mr. President, with this statement I give way to others who desire to speak.

Mr. TOWNSEND. Mr. President—

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from Oregon yield to the Senator from Delaware?

Mr. McNARY. I yield.

Mr. TOWNSEND. I call the attention of the Senator to the fact that the Government is carrying a million six hundred thousand bales of cotton under 10-cent loans.

Mr. McNARY. That is true. My reason for not referring to that provision was that it was covered in the bill reported to the Senate by the Senate Committee on Agriculture and Forestry. The other proposition, the real subsidy, is the one written in by the conferees, to which I have called attention:

Mr. JOHNSON of California. Mr. President, I had an address prepared, adjectival in character, denunciatory of a sort, relating to the particular bill before us; but I will omit all that to call attention in a very brief moment to what is the vice of the pending bill, and why no man who values his

independence, and no man who asserts that he has the manhood to stand up and do his duty, can afford to vote for this particular measure.

If this measure shall be carried out, it will be the beginning of regimentation of industry in this country, the beginning of it with a major industry, it is true, but soon will come the festering sore in relation to everything in the Nation. It will be begun with agriculture, but those responsible for it, camouflage it as they may, and sugar-coat the pill which they are administering to the farmer by the various sums to be yielded to him under the pending measure as they will, nevertheless will have begun administering the noxious dose to all our people. They are proceeding upon the way which has led to ruin always in relation to agriculture, in relation to industry, in relation to democracy itself.

Because, sir, the bill takes us into a new field in industry, I am opposed to it. Every farm bill that has been before us in twenty-odd years I have voted for. I started with the McNary-Haugen bill, and I have gone down the line ever since. But no bill yet has endeavored to take the farmers of this land by the scruff of the neck and tell them what they must do and how they shall do it. This is the first time, and being the first time, we ought to meet the attempt, and meet it in manly fashion, and defeat it in manly fashion.

This is the first time that any effort has been made to regiment any major industry in this country. I cannot repeat that often enough, because it is the beginning of the end of our kind of government if the effort succeeds.

Mr. President, we have had some instances of the way in which the bill was viewed by the Department of Agriculture. Do Senators realize what that Department thinks of it? On the 17th day of January 1938, while the bill was in conference, the Department of Agriculture gave out a statement, quoted by the Associated Press, and sent all over this country, that the bill was not needed now, that the reason for its passage had gone by. I read:

Administration leaders said yesterday the need for a new production-control program for 1938 crops did not appear so urgent as when President Roosevelt called Congress into special session last fall to consider legislation for it.

Mr. POPE. Mr. President, will the Senator yield?

Mr. JOHNSON of California. I yield.

Mr. POPE. The Senator is not quoting, of course, from any communication from the Department of Agriculture, but from a news story that was published by the Associated Press?

Mr. JOHNSON of California. Yes.

Mr. POPE. I may say to the Senator that I am informed that no such statement was ever made by the Department of Agriculture or by the Secretary of Agriculture. Secretary Wallace himself stated to me that no such statement was ever made, but that it was a conclusion drawn from a statement made by the Bureau of Agricultural Economics, merely giving the facts with reference to the production of commodities.

Mr. JOHNSON of California. I accept the statement made by the Senator. When was the denial made; on what date?

Mr. POPE. I know of no denial.

Mr. JOHNSON of California. Of course, it must have been denied, if the Secretary of Agriculture told the Senator any such thing.

Mr. POPE. I will say to the Senator that the Secretary told me what I have related, and I have no doubt that he will tell the Senator the same thing. I do not suppose that it is the duty of the Secretary of Agriculture to deny every newspaper story.

Mr. JOHNSON of California. Ah, but it is a statement while the bill is in conference, on the 17th day of January, quoting the authority of the Department of Agriculture. If it were not true, why was there not some sort of denial of it? I would assume, of course, that if it did not occur, as it is in this article stated, there would have been a denial, and

I will assume anything else the Senator wishes me to assume concerning the Department of Agriculture.

I read further from the statement:

They explained that recent developments indicated the threat of excessive agricultural surpluses was not so great as last year's bumper crops were being harvested.

It was such a threat that caused farm prices to decline during the harvest period, leaders said.

Since then, however, prices of wheat, corn, and, to a lesser extent, cotton have advanced. This relieves some of the pressure for immediate congressional action. A conference committee is attempting to adjust differences between the farm bills passed by the House and Senate.

Agricultural Department officials said these other factors had tended to lessen need this year of the new program.

I would not do the Secretary of Agriculture an injustice. As keenly as I feel about this bill, I would not do any one member of the Agricultural branch of the Government an injustice. I hope that if this article is untrue, the Department will see that a denial is made of it, and I will be very glad to see that I do not depend upon it, if such a denial shall be made.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. JOHNSON of California. I yield.

Mr. BARKLEY. No particular individual of the Department of Agriculture seems to be quoted in the newspaper article, therefore it is difficult to fix responsibility upon any particular person in the Department. But, inasmuch as the Senator has read it, whoever may have given the Associated Press the intimation that the pressure for immediate legislation had been lifted, it ought to be stated that early last spring the Secretary of Agriculture urged that there be agricultural legislation at the regular session. When that was found to be impossible, he urged that the President call an extra session in November, which the President did, in order that legislation might be enacted, and I have never heard of any statement from the Secretary of Agriculture—

Mr. JOHNSON of California. One moment; I am very glad to yield if the Senator wishes to interrupt me, but I was going to take but 10 or 15 minutes only in speaking at this time, and I would rather that the Senator would not take all of the 10 or 15 minutes in correcting me.

Mr. BARKLEY. Inasmuch as I have taken only half a minute, I assure the Senator that I will not take 10 or 15, and I apologize to him for interrupting him at all.

Mr. JOHNSON of California. I accept the apology. The article continues:

Improvement of the export markets—

Mr. President, why is it that this article creates such a dreadful fluttering in the dove-cote? I am not quite clear about that myself. I picked it up in good faith. I went to the trouble of asking the Associated Press if the article could be verified, and I received the assurance that it could be, and did not read it until I had received such assurance. I see that it has created quite a furor on the other side, and perhaps we ought not to pay the attention to it I am giving it. Perhaps we ought to accept what Senators say. But I make the statement, Mr. President, that by the bill now pending the Secretary of Agriculture would be given more power, as the Senator from Oregon has said, than any one man has ever been given. Here he stands upon the high peak and looks over all the United States, and he divides it up into various sections. No one man could sit upon that high peak and, from his eminence, determine what the soil conditions were in one part of the country or in another, and concerning all of them act justly. He would have to endeavor to do what no man who ever was born could do, and the gentlemen who have given him this unlimited power, without knowing what they are doing, have given to him a power that it to be exercised by an individual who cannot himself exercise it, and who cannot be able ultimately to accomplish results from it.

By this bill he is placed in an attitude comparable to that of King Canute, who said to the ocean that it should recede. He is put in the class of Joshua, who commanded the sun

to stand still. He is told that he shall penalize the fertile lands of the West, and that he shall determine that the lands of the East shall pay certain things of like character with the lands of the West. The bill penalizes fertility of soil. The Creator himself is penalized when the effort is made to distinguish, as the Secretary of Agriculture would seek to distinguish, between the various soils of this land.

I shall now read the remainder of this article, as I stand here, or I am going to fall down. [Laughter.]

Recent Government reports showing a substantial increase in livestock on feed in the Corn Belt, indicating that more grain will be needed for feeding than anticipated.

Should drought conditions continue in the Midwest, only cotton growers, these officials said, might need control measures to prevent production of another excessive crop.

Leaders emphasized that they considered need of the legislation as great as ever, however.

"It would be nice to have the legislation on the books," they said, "just in case it were needed."

Mr. President, did you ever hear a reason such as that given for enacting legislation which would change the very stream of Government of this country?—

It would be nice to have the legislation on the books.

"Nice," it is said, "just in case it were needed."

So, without sufficient debate, without permitting investigation of any character at all, the legislation is to be put upon the books by the strong arm here in order that it might be "nice, in case the legislation should be needed."

Mr. POPE. Mr. President, will the Senator yield?

Mr. JOHNSON of California. I yield.

Mr. POPE. Since interrupting the Senator before, I find that on Thursday following the Associated Press story to which the Senator has referred, the Secretary of Agriculture himself called a special press conference, and he opened the conference by referring to the story and declaring it to be entirely an error and by asserting the need for a farm bill. That information I have obtained from some of the reporters who were present at the time the statement was made by the Secretary correcting the error contained in the newspaper article to which the Senator has referred.

Mr. JOHNSON of California. Very well. Let us now consider it corrected then. I am considering it as corrected by the Senator from Idaho [Mr. POPE]. The gist of the article, however, remains the same, and it may be corrected and corrected and corrected in different fashions and in different ways, but there stands the article in some aspects uncorrected. So we will leave that for the time being.

Mr. BORAH. Mr. President, will the Senator permit me to offer here in connection with his remarks another statement by the Associated Press which it seems to me ought to be corrected?

Mr. JOHNSON of California. I yield.

Mr. BORAH. It appears in this morning's Washington Post. It reads:

An Agriculture Department economist predicted yesterday that the administration's ever-normal-granary program would not raise farm prices materially within the next few years.

Louis H. Bean, economic adviser of the Agricultural Adjustment Administration, made the prediction in discussing the "long-time outlook" for agricultural prices and purchasing power.

He said that, judging from the history of farm prices and some of the major supply-and-demand factors, including the new farm legislation, "it would appear that the purchasing power of farm price, and therefore of farmers, is likely to be lower over the next few years than it was in 1935-37."

I wonder why we are passing this bill.

Mr. JOHNSON of California. Well, that should be corrected.

Mr. BARKLEY. Mr. President, will the Senator give the name of the economist?

Mr. BORAH. Yes. Louis H. Bean, economic adviser of the Agricultural Adjustment Administration.

Mr. BARKLEY. He seems to have "spilled the beans."

Mr. BORAH. He certainly has, because he says that the prices in the next few years are going to be lower than they were in 1935-37; hence we must pass this bill to lower farm prices.

Mr. JOHNSON of California. Oh, that is quite true. We jump this way and we jump that way and we jump the other way, and down and up in this bill, until we are in a maze of contradictions that no living soul can unravel and no living soul can tell the significance of. We have debated this bill but a few days, it is true. We have not had the opportunity to debate it at length, it is true. But we know that no man here understands the bill, and nearly every man who has spoken upon it insists that he does not understand the measure.

What are we legislating for? Why are we passing such a bill? Why is it that sentient men representing the Senate of the United States will sit here and pass a bill of this sort which none of them really understands or comprehends? It passes belief, and it makes certain that what we are doing is not for the best. It is an important measure, more important than any that has come before us at this session or during the last session. It is important because it deals in the fashion that it does with our economy, and it deals in the fashion that it does with the basic industry of the land.

I may have indulged in a discussion under more or less tension, but in order to attempt to relieve it I shall read some "famous pieces by famous people." These are strange things:

If it cannot be stopped in any other way, Congress should enact a law imposing very severe penalties upon any Government official who undertakes to influence either crop production or crop prices.

Ah, the Senator from Idaho [Mr. POPE] shakes his head at that. I read another "famous piece":

The business of Government employees should be administrative. Farmers have been the victims of Government exploitation.

Again:

And especially should Government officials be forbidden to put out any statements circulated to influence agricultural prices. Such statements are pernicious in the extreme.

And again:

There are too many people in public office who seem to think they ought to exercise some sort of guidance or guardianship over the farmer.

Of course, that does not refer to United States Senators.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. JOHNSON of California. Yes.

Mr. BARKLEY. Does the Senator from California approve the Republican Party platform of 1932 favoring the control of production?

Mr. JOHNSON of California. The Senator is not going to involve me in a political discussion. I am not one of those hide-bound persons of either party, and I am not going to enter into a discussion of party platforms.

Mr. BARKLEY. Then I assume the Senator is not willing to discuss that feature?

Mr. JOHNSON of California. I am not willing to discuss it, because I do not give a tinker's most profane word what the platform of the Republican Party was in 1932, and I know the Democrats feel the same way about the platform they adopted in 1932.

Mr. BARKLEY. The Senator, however, knows that the Republican Party in its platform did declare in favor of control of production.

Mr. JOHNSON of California. The Senator is saying that in opposition to what I was reading; is he not?

Mr. BARKLEY. I was saying it in opposition to the theory of the Senator that some officials are trying to control or influence production.

Mr. JOHNSON of California. I was reading Famous Pieces by Famous People.

Mr. BARKLEY. The Republican platform of 1932 was made by famous people.

Mr. JOHNSON of California. I continue to read these "famous pieces":

There are too many people in public office who seem to think they ought to exercise some sort of guidance or guardianship over the farmer.

I want the attention of the Senator from Kentucky while I read to him again. Please do not leave. [Laughter.]

LXXXIII—119

Mr. BARKLEY. I shall be gone for only a moment. I am trying to get another Republican to make a speech against this bill.

Mr. JOHNSON of California. No, no; the Senator will not find him in that particular place in which he is now looking.

These are Wallace's "famous pieces." What I just read to the Senate was from Mr. Henry A. Wallace, the Secretary of Agriculture. I took it from Boake Carter's column in a recent newspaper. I will give the Senate the authority for it. It was true. I want to be fair to Wallace. These were the views that he held in 1920. There has been quite a change from those views now, and the views which I read are quite at variance from those he now asserts.

I want to congratulate the Senator from South Carolina [Mr. SMITH]. The Senator from South Carolina was alone on the conference committee. He dealt apparently by himself. The Senator from South Carolina obtained the one great concession that was obtained in the conference report, found in the amendment that was read by the Senator from Oregon [Mr. McNARY]. The Senator from South Carolina has again enthroned King Cotton. King Cotton is written throughout this bill and the bill in every aspect is written around him. The Senator from South Carolina deserves well of his constituency. He has done a faithful job for them, and for that service they should be ever in his debt. I trust they will remember it in the days to come, even though the other members of the conference committee may have forgotten the particular service that he rendered to his people during that long conference. I take off my hat to the Senator from South Carolina for accomplishing the result that he did in this bill.

I have talked longer than I should. I wanted to talk for a long time. There is a great deal of matter that I should like to go over, but inasmuch as I have not the time, and others ought to be permitted to occupy some of the time, I want to insist that this bill, placing the power that it does in the hands of the Secretary of Agriculture, alters the economy of this country, and alters our democracy. Once it has been altered, more easily thereafter we travel the downward path.

Vice is a monster of so frightful mien
As to be hated needs but to be seen;
Yet seen too oft, familiar with her face,
We first endure, then pity, then embrace.

This sort of thing will enable the Federal Government and those who believe that the Government ought to be regimented to adopt regimentation for all industry. Against that I protest. I protest against the power that is given to the Secretary of Agriculture. No one man should have such power. No one man should have at his command such an army of retainers as to enable him to do just as he desires. No one man should have it in his power to bring to Washington every colored editorial writer in the Union and pay his expenses out of the taxpayers' money, as the Secretary of Agriculture has done. Little it was, perhaps, but it showed the thought and the disposition of those who were then in charge of the Agricultural Department. Every colored newspaper editor was brought here—to do what? To be taught the farm bill so that he might carry the good news to his people. That was a misuse of power, an abuse of power, that ought not to be condoned. When we give to the man who is responsible for such a thing power over the very life and daily work of men engaged in agriculture, we do something which ought not to be done and something which bodes ill for our democracy.

Mr. BURKE. Mr. President, I am opposed to the compulsory features of the bill. It will be necessary for me to take only a few moments, because the argument has just been presented in eloquent fashion by the senior Senator from California [Mr. JOHNSON]. I subscribe fully to all he has said on the subject.

I was interested earlier in the day to note that the proponents of the measure advanced the claim that, whereas there were very severe penalties in the bill as it passed the Senate for failure to comply with the compulsory features

of the bill, those provisions have now been somewhat modified and softened. That is true, of course; and I am glad that that much improvement has been made. But I was interested in the argument because it contains a clear admission that, in spite of the softening of the penalties, compulsion is still the essential feature of this bill.

Although many features of the bill are incomprehensible, no one of average intelligence could read the conference report and remain in any doubt that its very heart is compulsory control of agricultural production. I am disturbed and alarmed about it, and determined that by no vote or voice of mine shall such a system be foisted upon this country.

It may be said, of course, that there is no compulsion in the bill, because the farmer may refuse to be a cooperator, and may then plant whatever he pleases. But, of course, one must emphasize and underscore the word "plant." He does have that right; but even at the start very heavy penalties are imposed upon him if he refuses to become a cooperator and to comply with the compulsion. Very large sums of money are to be distributed to farmers out of the Treasury. I am not objecting to that, but in reference to compulsion, I say that the farmer who does not choose to be a cooperator, who wishes to farm in his own way, will find himself denied the right to share in many of the benefits paid out of the Treasury of the United States from a tax fund to which he has contributed.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BURKE. Yes; I am glad to yield.

Mr. HATCH. I merely desire to call to the attention of the Senator a fact which I think he overlooks. I believe the Senator is confusing the marketing-quota provisions with the provisions in the bill relating to soil-conservation practices. I merely want to say to the Senator that the two sets of provisions are entirely separate and distinct. Payments for soil-conservation practices have nothing whatever to do with the marketing quota.

Mr. BURKE. Let me ask the Senator a question, since he has made that explanation. Does the Senator mean to say that if this bill were enacted the farmer who declined to be a cooperator in reference to the five crops mentioned in the bill could still continue to draw the same soil-conservation payments that he would have received if the measure were not enacted, or the same payments that his fellows who become cooperators would receive?

Mr. HATCH. The point I make is that the cooperator of whom the Senator speaks is not cooperating at all with the marketing quota, which is the part which controls production. The feature to which the Senator refers relates to the soil-conservation practices. There is no change from the present law in that regard. Under the Soil Conservation Act as it is today, if a farmer complies with certain soil-conservation practices, he receives pay for it; and that situation remains true under this bill. If he does not comply with the soil-conservation practices, he does not get the compensation.

Does that answer the Senator's question?

Mr. BURKE. I think there is more to the matter than the Senator from New Mexico has said on that point. In raising the point I had in mind the fact that during the past 4 years farmers in the Corn Belt have received great benefits from corn loans. Such loans have enabled the farmer to store his corn in cribs on the farm and market it when conditions were more favorable. I should like to ask the Senator from New Mexico [Mr. HATCH], the Senator from Kansas [Mr. McGILL], the Senator from Idaho [Mr. POPE], or any other Senator, whether under this bill the farmer who raises corn will be able to obtain the same loan if he refuses to become a cooperator in the first instance or votes against the marketing quota established.

Mr. HATCH. In fairness to the Senator, as well as to the Senators from Kansas and Idaho, I should permit those Senators to answer that question. The two Senators referred to have worked on the corn quotas throughout the year. I may say, however, that my construction is that there are provisions in this bill under which the non-

cooperator may receive loans under the corn program. He may obtain a loan.

Mr. POPE. Loans may be obtained on wheat and on cotton as well.

Mr. BURKE. May he obtain the same size loan that he could obtain if he were a cooperator?

Mr. POPE. He may obtain 60 percent of such amount.

Mr. BURKE. He may obtain only a portion of the amount that he would receive if he became a cooperator. Of course, that is not compulsion to the *n*th degree; but if we say to a man, "If you become a cooperator you may receive a loan of a certain amount on your corn, and if you do not cooperate you may receive only 60 percent of such amount, I say the element of compulsion is present.

Mr. POPE. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. POPE. Does the Senator take the position that if the great majority of the farmers desire to cooperate in a program to reduce production, with the idea of increasing the price, and there are those who will not cooperate—"chiselers," as they are called—the so-called chiselers should be treated in the same way as cooperators under the law?

Mr. BURKE. I do not call a chiseler the independent farmer who wants to farm according to his own ideas rather than those of the Secretary of Agriculture. I call him an independent, free-born farmer. More than that, however, I say that the Government has no right to take money from me, for example, by taxation and lend it out to the Senator under privileges which would be denied to me. If both the Senator and I are farmers, both of us contribute to the funds in the Federal Treasury; and if the loans are to be made on corn stored in the crib on the Senator's farm and on my farm, such loans ought to be in the same amount, regardless of what our views may be on the antilynching bill or on methods of farming or on some other question that may be before the country.

I do not desire to take very much time this afternoon, but I should like to call attention to a thought-provoking article that appeared in the Country Home Magazine for November under this title "Farm As You Are Told, Or Else!" It is a short article, and I will not take time to read it if I may have unanimous consent to have it inserted in the RECORD as part of my remarks.

The PRESIDING OFFICER. Without objection, the article will be printed in the RECORD.

The article referred to is as follows:

[From the Country Home Magazine, November 1937]

FARM AS YOU'RE TOLD, OR ELSE!

(By George Kent)

(In Germany, Hitler's man Darré decrees what you plant, what you sell; and fixes the price; then Darré's men see that you obey without question.)

The cows are filling into the barn when the Government men arrive. They take the stools from the hands of the farmer's wife and the hired girl, sit down and begin milking. When they strip the 40 cows, they tote up the milk and set some figures down in their notebooks. Before leaving they walk about the barn, peer into corners, ask a few questions about how the milk pails are cleaned. They leave without another word.

A common incident, this is, in the experience of the German farmer who toils under the swastika banner of Nazi dictatorship. To every farm in Germany the government men come to check up, to make sure that the amount of milk this farmer delivers is precisely the amount he draws from his cows. For the farmer must bring all his milk to a control station. He cannot retain so much as a pint to churn butter for the family. The skim milk he needs for his pigs he must buy back. The price he gets is a thing of steel—fixed by the government, to be accepted, not discussed.

It's all a detail in the program upon which the Reichsführer Hitler rode into power. A program to make the German Nation sufficient unto itself. To make its army a threat to enemy powers, to keep its imports as near equal to its exports as possible, to manage its industries so that there might be employment for German workers, and German goods for them to buy. It's a plan the industrious German people sought refuge in after a lost war and its aftermath of more than a decade of economic and political chaos.

Naturally the basic burden of this structure of self-support falls upon the farmer, for the stimulated nation depends upon him for its food. Nothing is bought beyond German borders which can possibly be produced within the country. But don't think that puts the German farmer in a position of power or makes him the

beneficiary of sky-high prices. He takes his place calmly in a vast, intricate economic plan of the Nazi State.

Let's consider how all this affects the daily life and business of, say, Hans Vogel. Hans is one of your typical pear-shaped, geranium-checked farmers. Before Germany joined the ranks of dictatorships Hans killed each fall four or five fat pigs and made them into a winter's supply of sausage and headcheese. Now he brings his pigs to the Nazi control station and receives for them the price which the Government has established at a desk in an office in far-away Berlin. He has a fat steer which he is anxious to sell in the market. Exciting places, these German markets used to be. The trader beat his palm as he named a figure. The farmer beat his palm as he named another. And with beating of palms the chaffering proceeded until at last a bargain was made. Now in the market, metamorphosed by the Nazis, an officer comes along, glances at the beast, names a figure—and the sale is over. Completed before the farmer can open his mouth.

Hans and his fellow farmers are governed by these regulations because German agriculture is literally one vast corporation—the National Food Corporation. At its head is the Minister of Agriculture, R. Walther Darré, a man with absolute powers over all that concerns farming, intimately or remotely. He rules not only the farms but the milling and processing industry, and all industries and traders that have to do with the produce of the land, plant, or animal. He has power over imports, authority to regulate the retail business, the right to fix prices.

The German cooperatives which before Hitler were flourishing organizations operating chains of stores throughout the country have at their heads appointees of Herr Darré. The agricultural schools are supervised by his men, and so, too, every institute, including the German counterpart of our 4-H clubs or Future Farmers of America. Also the farmers' own organizations. Darré's men rule the German equivalents of the Farm Bureau, the Grange, and farmers' unions.

Under him labor's a vast bureaucracy and these officers working for German self-sufficiency affect almost every phase of the German farmer's business. For example, in the spring Hans Vogel used to manure his land from the well-strawed mountain that lay back of his barns. But Government men came, took samples of the earth, came back to direct that he use this, that, and the other commercial fertilizer.

Who was to pay for it; where was the money to come from? That is up to Hans Vogel, whose fertile acres had always bumpered into harvest without outside aid. Germany, taking no chances on the future fertility of her direly needed soil, has steadily lowered fertilizer prices.

The mayor, appointed by Berlin, comes with a decree, and as a result 15 acres Hans must sow that year in flax. Flax, ugh! He hates the stuff. Any other crop would pay him more. But German farmers learn not to argue with a decree. There's always a concentration camp to take care of Germans who are not in full accord with Germany's rebirth.

Supervisors, inspectors stalk the fields, squinting, estimating. When the potatoes push through the sod they come along, pointing to spots where seeds have failed to produce, ordering the farmers to put in others. They insist on catch crops—between crop plantings—so vigorously that there is no longer any leisure. Ascension Day, once a holiday and a day of merriment, is spent in toil. At night the farmers, Hans Vogel among them, listen to radio addresses from high Government officials in Berlin. Attendance is noted. Absence from an address by Hitler is a serious offense if it occurs more than twice. Failure to listen in on Generals Göring or Goebbels is only a trifle less serious.

This farm of Hans Vogel is a beautiful place. Its 300 acres used to be sowed in wheat, rye, oats, clover, and potatoes. There were cows, pigs, horses, geese, chickens and, in the yard, for beauty, two peacocks. It had come down to Hans from three centuries of Vogels, peasant farmers all of them.

Much of the pleasure of ownership vanishes when it becomes known that a supervisor could take over the farm and operate it if he was displeased with the owner's operation of the place. The official can peer into the farmer's books, take over his cash and use it to defray expenses. He can sleep in the farmer's beds, eat his food, and order the owner and his wife to work.

There is a decree that infested crops must be destroyed, infected machinery, buildings, and equipment disinfected. For this service, all the farmers pay. For the destruction of his infested crops, he receives no compensation.

What torments Hans Vogel most is the "hereditary estate law." You see, he has an eldest son, a lad who has found the girl of his dreams and is ready to marry her. Hans has no cash but he figures he ought to be able to raise 50,000 marks on his acres (about \$20,000) and use the money to buy for his boy a farm alongside his own. So that when he dies the two farms would be one and be more than enough to support all the Vogels, little and big.

But the law says no. Because his farm is registered as a hereditary farm. And that is a farm that can neither be sold nor mortgaged. He can't raise a penny, not alone on the land, but not on his machinery or his insurance—not even on the beds and bed linen. If he needs money for seed or other farm financing, he has to borrow on his personal credit.

What hurts most is the clause which informs him that if he is careless, inefficient, undignified, or unworthy, the farm can be taken away from him. Burdened with restrictions, inspected and supervised constantly, the farm has, for all practical purposes, ceased to be his own.

In Germany today, there are about 1,000,000 of these hereditary farms, ranging in size from 50 to 300 acres, about 55 percent of the total agricultural area of the country. One purpose was to prevent farms from being split into parts too small to support families decently.

Many of the laws that control them existed before the National Socialist regime came into power, but it was for Hitler and Darré to put them into effect with force. Here and there they have accomplished what a gentler regime could not have done. In the dairy industry, for example, the milksheds are defined, the prices equalized so that a farmer remote from fluid-milk territory does not suffer by his remoteness. Cheese, butter, and processed-milk products are priced more equitably in relation to the price of fluid milk.

Housewives are taught to separate their garbage so that the cities may be ringed by suburban pig-feeding establishments. The public is urged to chew its food more thoroughly so as to appease the appetite more quickly. Radio speakers pound home the calorie and vitamin gospel—menus are distributed—all to keep Germans eating only food they can raise at home.

The latest step, taken late last July, was an edict by the government requisitioning the entire wheat and rye crops. Farmers were forced to deliver all they raised, except just what they needed to feed their own families, to a government agent, so that the nation's bread supply might be safeguarded. For feeding bread crops to livestock, farmers may be fined up to \$40,000.

According to G. L. Steere, American agricultural attaché at Berlin, these strenuous efforts have succeeded in making the country 81 percent self-sufficient, a figure explainable in part by exceptional harvests, for the soil of Germany for the most part is none too fertile and the weather not dependable. Many farmers refuse to be content with the rigid quota system which makes it impossible for them to own what they produce, and eliminates the law of supply and demand.

So they do not disobey the commands of Minister Darré or his subordinates; they evade them. The bootlegging of food in Germany is known as the *schwarzhandel*, or black trade. Darré estimated recently that one-third of all food produced is sold surreptitiously.

There are syndicates or gangs which sell coveted foodstuffs on a large scale, operating strings of high-powered cars. There are individuals who travel with false-bottomed trunks and suitcases on trains. The penalties are severe, at first fines, later prison. Bootlegging on a large scale can be punishable by death.

So does farming go when a people elect to live under a dictatorship.

Mr. BURKE. Mr. President, I should like to say just a word about the article. It describes agricultural conditions in Germany as they are today, and not the farm-bill conference report, upon which we are soon to vote. To my mind, however, it is perfectly clear that the same spirit that prevails in the control of agriculture in Germany is wrapped up in the bill upon which we are soon to act, and that we are placing it not immediately, perhaps not fully, in the hands of the Secretary of Agriculture, but we are making it entirely possible for the time to come very soon when the farmers of this country may be told by the Secretary of Agriculture, "You farm as you are told, or else!" Right now under this bill that principle may be applied to the extent of saying, "Farm as you are told or else you will not receive soil-conservation benefits; farm as you are told or else you will not receive loans on your corn and wheat to the same extent as those who comply with the program." I do not believe that the farmers of America are ready as yet to subscribe to that kind of a program. It is undoubtedly true that they are going to have it thrust upon them at this time, but I do not believe they will be satisfied under it or long permit it to stand. On that point I should like to present a few views of the Nebraska farmers as submitted to me during the last few days. I have in my hand a telegram dated February 10, which comes from McCook, Nebr., the home of my distinguished colleague, and reads as follows:

McCook, NEBR., February 10, 1933.

Senator E. R. BURKE,
Washington, D. C.:

Farmers of this county at McCook, Nebr., voted 286 against the compulsory features of farm bill to 83 in its favor.

IRA SPENCER, Secretary.

I now read an invitation to a farm meeting in Hamilton County, Nebr.:

You are invited and urged to attend a public meeting of farmers Saturday afternoon, January 22, 1:30 p. m., high school auditorium, Aurora. The purpose of this meeting, which is non-partisan and nonpolitical, is to hear a discussion of the compulsory features of farm legislation now before Congress. This is something many farmers do not understand.

COMMITTEE.

After the matter had been fully discussed for several hours by the proponents and opponents of the pending measure, a vote was taken. I have before me the tally sheet showing that 21 farmers attending that meeting favored the compulsory-control features of the pending bill and 435 are opposed to them.

I could show that in almost every county in the State of Nebraska where meetings have been held during the last few weeks and this whole matter discussed, the advantages of this bill, the continuation of soil conservation and the loaning provisions, the setting up of research laboratories to devise new uses for farm products, the beginning of a program of crop insurance, all such features of the bill have met with general approval, but when it came to the compulsory-control features, by votes of 10 to 1, and, in some cases almost unanimously, the farmers of Nebraska said, "We want nothing to do with the program which fixes compulsion upon us."

For these reasons, Mr. President, and because I thoroughly disapprove of inaugurating a system in this country under which anyone from the outside may say to our farmers, "Farm as you are told or else you will not get this or you will not get that, you will not be treated in the same way as are your neighbors who are willing to bend the knee," I am opposed to the conference report, and shall vote against it.

Mr. MINTON. Mr. President, may I ask the Senator a question?

Mr. BURKE. I yield.

Mr. MINTON. Does not the Senator think that this propaganda magazine to which he refers might get some thought-provoking material out of the title "Farm as you please—so what?"

Mr. BURKE. Possibly.

Mr. MINTON. There was a time when farmers of this country farmed just as they pleased—so what? We had in my section of the country 8-cent corn, 2-cent hogs, and 20-cent wheat, and prices along similar lines. If we want to go back to that condition the farmers should farm as they please.

Mr. BURKE. I suggest to the junior Senator from Indiana that he write out his views on that subject and submit them to the Country Home Magazine which I have heard by him for the first time called a "propaganda magazine." In the section of the country from which I come it is recognized as one of the worth-while farm publications; it enters many tens of thousands of farm homes, and never before have I heard it referred to except in the highest terms.

Mr. PEPPER. Mr. President, I shall speak only for a few minutes in the precious time which remains between now and the hour for voting on the conference report. I merely wish to echo what I think was an unequivocal and the most appropriate expression I have yet heard made about the bill, the one made by the distinguished senior Senator from Nebraska [Mr. NORRIS] to the effect that this bill was the best we could do at this time. I think the committee which has worked so hard upon this bill is deserving of a high degree of credit and praise from their colleagues and from the country. The only regret I have, Mr. President, is that more of the commodities of my State are not included within the provisions of the bill, and I wish to express the very earnest hope that my colleagues will see fit when we come next to consider the farm problem to include within the provisions of so salutary a measure as this such commodities as fruits and vegetables, which are produced in my State.

Mr. President, I wish to make an inquiry, if I may, of the Senator from Idaho [Mr. POPE] with respect to crop insurance. The Senator will recall that at the last session I was the author of Senate Resolution 108, which directed the Secretary of Agriculture to transmit to the Senate, at the earliest practicable date, his recommendations for the establishment of a system of crop insurance for fruits and vegetables. Later on the Secretary reported to the Senate that he could not comply with that direction, for the reason that he did not have adequate funds with which to do so.

Subsequently, in the Senate farm bill, a provision was inserted as section 80, of which provision I was the author, wherein the Senate recognized the insecurity which those engaged in agriculture and horticulture experience on account of the hazards to which they are subjected in producing their crops, and indicated a desire to eliminate those hazards and to stabilize agricultural yield against such hazards in every way possible. To that end the Senate bill appropriated \$150,000, or so much thereof as might be necessary, for the purpose of having a study made of a feasible plan for crop insurance for fruits, vegetables, and other agricultural products.

The question I wish to ask is whether or not the same principle embodied in the Senate bill with respect to crop insurance is contained in subparagraph (h) of the conference report appearing on page 184, which contains this authority on behalf of the Crop Insurance Corporation:

(h) May conduct researches, surveys, and investigations relating to crop insurance for wheat and other agricultural commodities.

Further, I should like to ask whether the provision in section 516 appropriating \$6,000,000 annually for the administrative expenses of the Crop Insurance Corporation, together with paragraph (h), embody the spirit and the purpose of the provisions of the Senate bill wherein it was sought to assure the farmers producing fruits and vegetables and other agricultural projects which are subject to natural hazards protection against such hazards at the earliest practicable date?

Mr. POPE. Mr. President, in answer to the question of the Senator from Florida I will say that the conferees discussed his amendment and decided that, since the provision to which the Senator has referred is contained in the crop-insurance portion of the bill, it covers the matter as to fruits and vegetables, which was embodied in his amendment, and that appropriations were made not only of \$6,000,000 for the year 1939, but provision also was made for carrying on certain research work for the remainder of the present year. So I think I may safely say to the Senator that under the provisions of the bill fruits and vegetables, as well as other commodities, will receive the benefit of a substantial appropriation for research, so as to carry out the purpose of the Senator's amendment.

Mr. PEPPER. I thank the Senator.

Mr. POPE. Mr. President, I desire to have a final word for about 5 minutes on the pending question. I understand that my colleague the senior Senator from Idaho [Mr. BORAH] desires to speak, and I do not wish to deprive him of any time which he may desire, but I should like about 5 minutes before 3:30 o'clock in which to say just a few words.

Mr. BARKLEY. Mr. President, in that connection I desire to say a few words on the bill before it is voted on, not having discussed it at all since it has been under consideration; and, if necessary to do it, in order that the two Senators from Idaho may have time, I am willing to move up until 4 o'clock the time for voting.

Mr. BORAH. Mr. President, instead of 4 o'clock, why not make the hour for voting 5 o'clock.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. CONNALLY. It seems to me it would be better to have the Senator from Idaho, if he cares to do so, speak on the bill now instead of tomorrow. I believe in full and free debate; and I should be glad if the leader would extend the time for voting until 4:30 instead of 3:30.

Mr. BORAH. Mr. President, I stated my position with regard to this bill rather fully when the bill was being considered by the Senate. The bill has been changed by the conference committee in some of its details, and I think for the better; but the fundamental principles upon which it rests—scarcity of production, or reduction of production, and compulsory control—are in the bill in a controlling degree. That being true, a mere change of detail, of course, could not control my vote.

In view of the fact that we have only 15 minutes left, and that the Senator from Kentucky [Mr. BARKLEY] desires to close the debate, which he is entitled to do, I simply ask permission to insert in the RECORD several letters on the subject. Under the circumstances I must forego a full discussion and leave the expression of my views to the matter I insert.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

THE NATIONAL GRANGE,
Washington, D. C., February 9, 1938.

To the Members of the Senate:

Our contacts convince us that the overwhelming majority of Grange members throughout the country view with deep disapproval the compulsory features of the new farm bill.

Under this legislation, as we see it, the farmer is asked to sell his birthright for a mess of Federal pottage that he does not even get. No emergency, however great, could justify Congress in passing the bill in its present form. It would be playing the shabbiest kind of a trick on the farmer if Congress, under the guise of doing something to help in the solution of his problems, should bind him hand and foot and deprive him of his fundamental and constitutional rights.

No fair-minded and intelligent person can deny that this proposed legislation is in flat contradiction of all our proclaimed principles and ideals, and that its enactment would lay the basis of a degrading system of peonage for the farmers of the country.

It is true that certain provisions of the bill that have no connection with the attempt to control the production and marketing of farm products are good and meet with our approval. But the objectionable provisions of this measure far outweigh the good.

If this legislation is to be enacted, it should first be stripped of its compulsory features. It should be redrafted or amended in conformity with American principles and traditions.

If the parliamentary situation is such that the bill cannot be amended, it should be killed outright and one that would really do the farmers some good should be written and passed at this session of Congress.

Yours sincerely,

THE NATIONAL GRANGE,
FRED BRECKMAN,
Washington Representative.

TEXAS STATE GRANGE,
Granger, Tex., February 11, 1938.

Senator WILLIAM E. BORAH,
Senate Office Building, Washington, D. C.

DEAR SENATOR: The Texas Grange considers the farm bill now before the Senate unsound and un-American and, if passed by the Congress, it would fail to solve the agricultural problems. The bill is indefinite, unworkable, and offensive to the American farmer, who rightfully objects to being regimented.

Passage and administration of this bill would cause general demoralization in American agriculture, would drive thousands of farmers to the relief rolls, and cause further animosity and leave the farmer in worse condition than he is today.

Regimentation of agriculture cannot lead to anything constructive or beneficial. We believe this bill should be defeated and then a farm bill written that will insure the American market for the American farmer and leave him to adjust his own farming practices.

With kindest regards, I am,
Sincerely,

RALPH W. MOORE,
Master, Texas State Grange.

DEPARTMENT OF AGRICULTURE,
STATE OF TEXAS,
Austin, February 9, 1938.

Senator WILLIAM E. BORAH,
Senate Office Building, Washington, D. C.

DEAR SENATOR: There is imperative need for national farm legislation which would be constructive and which would assure each farmer his fair share in the American market at an American price and leave the farmer free to produce any amount for foreign markets he may desire.

The farm bill, as per conference committee print, would continue a policy of scarcity, Government control, and bureaucratic regimentation, under which the farmer would exchange his American freedom for less than a mess of pottage. The farm bill, as per the committee print, will not solve the agricultural problems but will cause further loss of foreign markets.

The policy of attempting to control and reduce agricultural products will drive people off the farms onto relief. It will increase the debts and taxes, diminish purchasing power, and curtail employment. Under this economic and fallacious bill our farmers will face both short crops and low prices, which will be disastrous to them and the Nation.

Agriculture is our basic industry, and there is no good reason why the Congress of the United States should pass an impractical, indefinite, un-American, and perhaps unconstitutional farm measure.

If the present farm bill is fully discussed on the floor of the Senate, its fallaciousness will be disclosed and the Congress will substitute therefor a farm bill which will give the farmer a definite and practical program and one that will benefit all groups of American citizens as much as it does the farmer himself.

May I ask that you read very carefully the enclosed leaflet.

With best wishes, I am,
Sincerely yours,

J. E. McDONALD,
Commissioner of Agriculture.

CO-OPERATIVE OIL ASSOCIATION, INC., OF BOISE VALLEY,
Caldwell, Idaho, February 10, 1938.

Hon. W. E. BORAH,
United States Senator, Washington, D. C.

DEAR SENATOR: Our board of directors in session yesterday sent the following telegram to Representatives Clark and White:

"We hereby register unanimous determined opposition to the Pope-Magill farm bill."

For your information, the members of the board who represent some 5,000 agricultural producers in this valley, were very positive in their statement of opposition. They feel that the passage of this legislation would be a serious detriment to the agricultural producers in this State.

Very truly yours,

GEO. G. BARRETT.

Mr. POPE. Mr. President, I desire to pay a tribute to the conference committee. I think all the opinions which prevailed on the floor with reference to farm legislation existed within the conference committee. There were those who believed in a program of price-fixing. There were those who were opposed to any sort of control. There were those who believed in strong compulsory control, and others who believed in voluntary control. There were those who believed that none of those things would be effective, but that action in connection with the value of money was the only thing which would solve the problem.

So we had all those differences of opinion, and they were very deep and abiding opinions with the members of the committee; but I have never in my life seen a more earnest and devoted set of men. There was a determination to reconcile their differences which was as strong, I venture to say, as any which ever existed in any group of men. The one thing, I think, which held them together, and enabled them to reach an agreement, was the realization that the farmers of the country are occupying an unequal position in our economic system. Every one of us knew that the farmer is at an economic disadvantage. Here was an industry of more than 30,000,000 American people, on \$40,000,000,000 worth of farm lands, with more than 1,000,000,000 acres in cultivation. There are 65,000,000 cattle, and 51,000,000 hogs. Farmers produce over 2,000,000,000 bushels of corn a year, some 800,000,000 bushels of wheat, and an average of 13,000,000 bales of cotton. Yet the corn farmer is receiving an average of 50 cents a bushel on the farm, with 85 cents as parity, which represents equality of purchasing power. The wheat farmer is receiving 90 cents a bushel on the farm, with \$1.15 as parity; and the cotton farmer is receiving 8½ cents a pound for his cotton, with 16 cents as parity. This illustrates the inequality of agriculture when compared to other industry.

More than a century ago Alexander Hamilton, the patron saint of the protective tariff, in advocating it, foresaw the injustice that would be done to agriculture under such a system. He advocated a bonus to the farmers to offset tariff benefits to the manufacturers.

Therefore, the first man who ever advocated a bonus to the farmers was Alexander Hamilton in a speech on the protective tariff. This is what he said:

The true way to conciliate these two interests (industry and agriculture) is to lay a duty on foreign manufacturers of the material, the growth of which is desired to be encouraged, and to apply the produce of that duty by way of bounty, either upon the production of the material itself, or upon its manufacture at home, or upon both. In this disposition of the thing the manufacturer commences his enterprise under every advantage which is attainable, as to quantity or price of the raw material.

Now, Senators, I ask you to observe this expression:

And the farmer, if the bounty be immediately (paid) to him, is enabled by it to enter into a successful competition with the foreign material.

So, Hamilton argued for a protective tariff, and a bonus for the farmer.

Mr. BURKE. Mr. President, will the Senator yield?

Mr. POPE. Just a moment.

Thomas Jefferson, on the other hand, opposed a tariff for protection, but acceded to a tariff for revenue only. Jefferson feared that the tariff would injure consumers, build up fortunes for the manufacturers, and the farmers would not receive the bonus.

For many years all party platforms have been promising the farmer equality with other industry. This disparity of agriculture is a mighty serious matter. It means foreclosure of mortgages, a low standard of living, disappointment, distress, and ultimate bankruptcy. A tremendous responsibility rests upon the Congress to remedy this situation.

The conference committee realized that the manufacturing industry has been and is now in receipt of large benefits furnished by the tariff laws. It has been estimated that at least \$4,000,000,000 is paid by the consumers—of which the farmers are about one-third—to the protected industries of this country. In other words, every man, woman, and child under the American flag pays about \$35 per year for this tariff protection. Only about \$600,000,000 per annum goes into the Federal Treasury. The other \$3,400,000,000 goes into the pockets of the beneficiaries of the tariffs passed by the Congress. It is not possible to make an accurate estimate of the tariff benefits, but a fairly accurate estimate has been made on a limited list of commodities, which I ask to have printed in the RECORD as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered. The matter referred to is as follows:

SELECTED ITEMS OF INFORMATION CONCERNING THE COST OF THE TARIFF TO UNPROTECTED SEGMENTS OF AMERICAN POPULATION

1. On April 27, 1936, the Senate adopted Senate Resolution 265, the second and third paragraphs of which directed the Tariff Commission to supply the Senate with specific information relating to the operations of certain large corporations and to furnish on the basis of this information estimates of the financial benefit derived by such corporations from our tariff laws and the effect of the tariff upon prices to consumers.

The report of the Tariff Commission entitled "Sales and Income of Certain Manufacturing Companies and Rates of Duty and Other Information With Respect to Their Products" concluded that despite every effort, it had not proved practicable to estimate the benefits furnished by the tariff laws. The last four requests of the Senate resolution relating to the effect of the tariff on prices could be answered, the Tariff Commission reported, only after long investigation. In short, there is no information in this report that is of any value to us.

2. Representative RANKIN (Mississippi) made the following statement in the House on June 6, 1934 (CONGRESSIONAL RECORD, p. 10634):

"One of the main things that brought this country to the terrible conditions through which we have been passing for the last few years, was the high protective-tariff policies of the party then in power, which enriched the favored few at the expense of the unprotected many. It was simply legalized highway robbery. One of the best informed men on the tariff question has stated that from 1921 to 1929 the tariff cost the people of this country on an average of approximately \$4,000,000,000 a year—not \$4,000,000, but four thousand millions of dollars—every year that rolled around. That was an average of about \$35 per capita for every man, woman, and child under the American flag. Of that \$4,000,000,000 he stated that only six hundred million went into the Federal Treasury, while \$3,400,000,000 went into the pockets of the favored beneficiaries of this outrageous high protective tariff that was sapping the lifeblood from the masses of the American people, destroying our international trade, and bringing this country to wrack and ruin.

"With the exception of a few dairy farmers and a few truck growers, the farmers got no benefit whatsoever from the tariff, and the dairymen and truck growers merely gathered the crumbs that fell from the banquet table. In order to pretend to the wheat growers that they were helping them by the tariff, they put a duty of 30 cents a bushel on wheat, and then raised it by Executive order to 42 cents a bushel, at the very time when wheat was selling for 10 cents a bushel more in Canada than it was in the United States; which shows that the tariff on wheat was ineffective. The wheat and corn growers got absolutely no benefit from the tariff. The cotton growers got none, for the reason that, like the wheat and corn farmers, they ship out more of their products than are shipped in. Yet, every one of these farmers was paying on an average of \$35 a year for every man, woman, and child in his family.

"It cost the average agricultural county in the United States more than \$1,000,000 a year. No wonder our farmers became bankrupt. It was a system of economic slavery imposed upon a free and enlightened people by the Harding-Coolidge-Hoover regime that has

hardly a parallel in all the history of civilized society. Our farmers were soon bled white * * *"

TARIFF AND PAUPER-LABOR THESIS

3. Prof. F. W. Fetter, of Princeton University, makes the following statement in his pamphlet entitled "The New Deal and Tariff Policy," published by the University of Chicago Press as Public Policy Pamphlet No. 7:

"This specter of a reduction of the American standard of living through a lowering of the tariff to the level of the 'sweated' and 'peasant' labor of Europe and Asia is held constantly before our citizens. It is undoubtedly a very effective appeal. Despite the fact that a raising of tariffs in 1930 was followed by the most serious economic depression in American history, high-tariff advocates still preach that the American tariff is the only thing that stands between our workers and the standard of living of the Chinese coolie. That is, they claim that a lowering of tariff rates would defeat the purposes of the New Deal.

"If our present distress under the highest tariff rates in American history did not raise serious doubts in the minds of thinking citizens as to the validity of the belief that a high tariff insures prosperity, there are other reasons to make one pause before accepting the 'pauper labor' thesis. High wages or a high standard of living means that the public receive for their work a large share of material things. High wages cannot be produced by the politician as the magician produces rabbits out of a hat; they can only result from a large amount of production per capita. It is the general standard of productivity that sets the wage level. The United States, with rich resources, much machinery, and relatively small population, has a relatively high standard of living; England, with poorer resources, less effective use of machinery, and a denser population, has a somewhat lower standard; and China and India have extremely low standards of living because average per capita production in these countries is small. High standards of living, which are the result of productive efficiency, express themselves in a wage level which all producers must meet. If the American standard is \$5 a day for workers of given skill and training, that wage level is the result, in large part, of rich natural resources and our facilities for machine production. It is not based upon what Americans can do embroidering, making cutlery, or growing sugar beets or alligator pears. These activities are not so well suited to American conditions, and producers in those lines find difficulty in paying the high wages set by our more effective industries and lines of agriculture. They cannot meet foreign competition, so the phrase goes, and hence, even with high tariffs, imports of these products continue.

"If one takes a knot-hole view of the economic scene, he sees only the fact that the producer in these lines cannot, at the American wage level, hire men and compete with foreigners. Hence he concludes that the importation of foreign goods lowers American wages. This fails to consider that the import of these foreign goods make possible the export of those goods which can be produced so effectively in America—cotton, to which our climate is well suited; wheat, to which machine-farming methods can be applied; automobiles and machinery of all kinds. Keeping out these foreign goods does not make more work—it simply means that Americans, instead of being allowed to raise wheat, cotton, or apples, or manufacture automobiles, shoes, or agricultural machinery, must turn to sugar beets, requiring exhausting hand labor, to vegetables which can be raised under more favorable conditions in tropical regions, or to fine textiles or hats which can be produced more cheaply abroad."

4. The following excerpt has been clipped from an article entitled "Tariff Bargain Under the New Deal," by Maxwell S. Stewart, and published by the Foreign Policy Association in Foreign Policy Reports, May 23, 1934, volume 10, number 6:

"COST OF TARIFF TO THE AMERICAN CONSUMER

"Opponents of the traditional tariff system claim, moreover, that it places a burden on the American consumer wholly incommensurate with the benefits received. (For a detailed discussion of the effect of the tariff on prices, cf. P. G. Wright, Protection—Benefits and Burdens (Freeport, Ill., the Rawleigh Foundation, 1930), pp. 16-25.) A protective tariff, by definition, restricts trade and permits relatively inefficient producers to dispose of their output on the home market at prices substantially above those of the outside world. (Tariffs: The Case Examined, edited by Sir William Beveridge (Longmans, 1932), pp. 31-77.) The revenue collected, although clearly coming out of the pockets of the consumers, cannot, however, be considered as wholly a liability, since it permits a corresponding reduction in some other form of taxation. The real burden of the tariff is not to be measured by the increased cost of imported articles, but by the uneconomic cost of domestic products, sold above world prices, and by limitation of consumption as a result of increased prices.

"Because of the complexity of the problem, no statistically accurate estimate of this cost has ever been made. The extent to which home-produced goods are more expensive than similar duty-free imports varies with each commodity. Although the prices of such goods cannot ordinarily be greater than world prices plus shipping charges and duty, and are frequently less, it is impossible to determine how much less. A rough estimate may be obtained, however, by applying the formula used in a recent study of the Australian tariff (cf. J. B. Bridgen, D. B. Copland, E. C. Dyanson, L. F. Giblin, and C. H. Wickens, The Australian Tariff: An Economic Enquiry (Melbourne University Press, 1929), p. 37):

"a. When it is clear that imports contribute a substantial proportion of the quantity of any particular goods consumed, it may be expected that the price of home-made goods is at least equal

to that of imported goods plus duty, and the excess cost of such articles is the maximum possible for the particular rate of duty.

"b. When the imports of the whole of any class of goods are relatively small, so that consumption is almost entirely of domestic goods, it may be presumed that the price of the domestic product is somewhat below that of the imported goods after the duty has been paid. In such cases the excess cost may be estimated to average at least one-half the possible maximum.

"While this method of estimating the cost of the tariff seems at first sight to be extremely arbitrary, the errors involved would tend to cancel out, giving at least an approximate measure of excess costs. The chief difficulty involved in an attempted application of this measure to American conditions lies in the inadequacy of statistics on domestic production. Only in the case of a few of the principal products is the available material sufficient for even the rough estimate desired. Moreover, there are many articles, particularly those which are imported in negligible quantities because of high protective duties, where the influence of the tariff cannot be determined. Despite these handicaps, some conception of the size of the bill paid by the American public for protection may be gained by applying the above formula to a few of the heavily protected commodities that continue to be imported into the United States in considerable amounts.

Cost of the tariff to the consumer with respect to certain products:

Product	Year	Percentage imported by quantity	Duty	Value of dutiable imports ¹	Value of domestic production ²	Estimated cost of tariff ³
CLASS A. IMPORTS CONSIDERABLE						
Sugar.....	1933	26	2 cents per pound.....	\$ 1,630	\$ 4,605	\$184,200
Cattle hides.....	1930	21	10 percent.....	\$24,269	\$91,000	8,270
Epsom salts.....	1931	12	3/4 cent per pound.....	61	1,524	515
Soybean oil.....	1931	9	3 1/4 cents per pound.....	139	(⁴)	1,368
Peanut oil.....	1932	11	4 cents per pound.....	91	(⁴)	514
Watch cases.....	1931	11	72 percent.....	118	2,160	900
Watch movements.....	1931	12	88 1/2 percent.....	2,745	14,795	6,900
Flaxseed.....	1931	57	65 cents per bushel.....	14,125	13,285	7,150
Carpets, etc.....	1931	17	60 percent.....	187	1,119	420
Tapestries, etc.....	1931	18	55 percent.....	1,575	7,242	2,570
Ferro-manganese.....	1931	11	\$42 per ton.....	1,752	12,999	6,685
CLASS B. IMPORTS SMALL, RELATIVE TO HOME PRODUCTION						
Wool, raw.....	1931	9.8	22-37 cents per pound.....	8,738	\$ 251	45,000
Dairy products.....	1932	.5	Various.....	13,098	1,422,000	\$105,586
Lead.....	1929	1.5	2 1/4 cents per pound.....	1,050	84,735	28,580
Cigars.....	1931	.3	76 percent.....	1,472	223,126	100,000
Peanuts, shelled.....	1929	7	6 cents per pound.....	1,330	24,497	17,500
Onions.....	1931	.7	2 1/4 cents per pound.....	130	14,897	4,500
Beans, dried.....	1931	3	3 cents per pound.....	1,282	31,199	19,200
Dyes, etc.....	1931	5.5	51 percent.....	5,376	37,753	6,300
Plate glass.....	1931	5	Various.....	1,104	26,111	6,600
Dolls, etc.....	1931	6	70 percent.....	627	9,392	1,935

¹ Sources: U. S. Tariff Commission, Economic Analysis of Foreign Trade of the United States in Relation to the Tariff, Report of Tariff Commission in response to Senate Resolution 325 (72d Cong., 2d sess., S. Doc. No. 180), pt. I; Commerce Yearbook, 1932; Tariff Act of 1930; Ronald R. Renne, The Tariff on Dairy Products (Madison, Wis., Tariff Research Committee, 1933); Willet & Gray, Weekly Statistical Sugar Trade Journal, 1934.

² 3 ciphers omitted.

³ Thousands of tons.

⁴ No available statistics.

⁵ Millions of pounds of scoured and pulled wool.

⁶ Estimate by Renne.

Estimated cost of tariff on above products, \$554,693,000.

Thus the total cost of the tariff to the consumer on the above 21 products, the imports of which constituted less than 15 percent of the total dutiable imports of the United States, was more than half a billion dollars.

"While protectionists do not deny that tariffs tend to raise prices, they insist that the money expended by virtue of the higher prices goes entirely to American producers, leaving no net loss in dollar purchasing power. The very fact that the domestic prices of many commodities are so much higher than those of the outside world is taken as an indication of the need of protection if the American producer is not to be completely eliminated. Since the recipients of the bounty thus provided would presumably spend the entire amount on American products, it is further argued that by keeping the money within this country, greater employment will be given and American economy correspondingly strengthened. (Cf. editorials in New York American, passim.)

"This interpretation, however, is said by advocates of tariff revision to rest on a confusion, which results from thinking of the problem in terms of money instead of what money will buy. Greater clarity is possible when it is realized that the American consumer has received nothing in exchange for the extra amounts expended on tariff-protected articles, thus suffering a definite lowering in living standards. By diverting labor and capital from the Nation's most efficient industries, the tariff serves to reduce

the amount and range of commodities available for general consumption.

5. On October 17, 1929, Senator Hiram Bingham, of Connecticut, was permitted in response to his request to appear before a Senate committee on lobby investigations. Senator WALSH, after questioning Senator Bingham, spoke as follows:

"Cutlery, on which you already have a duty of 107.6 percent, I see has been raised to 115.6 percent.

"Senator BINGHAM. Yes; and that is not anywhere near enough * * * Notwithstanding that very high duty * * * the cutlery business in Connecticut has been in very bad shape.

"Senator WALSH. * * * The average of the whole is a raise from 27.7 to 31.6 percent. On that basis the people of the United States would contribute by the tariff, to the prosperity of Connecticut industries from \$556,000,000 under the present law to \$632,000,000 under the Senate bill. * * * These raises of 4 percent mean an additional cost to the people of the United States of \$76,000,000."

Mr. Grundy, of Pennsylvania, also appeared before the Senate committee:

"Senator Blaine speaking: * * * I observe that aluminum—all that is produced in America—is produced by the Aluminum Co. of America, and it produces about one-third of the total world production. If the tariff on aluminum is effective * * * the tariff tax would be \$19,000,000.

"You appreciate that the products of aluminum go into the cost, the operating farm cost of milk containers, cream containers, cream separators, and a large variety of farm implements and utensils made of aluminum products.

"The farmer uses scythes, sickles, grass hooks, and corn knives. The annual tariff tax on that is \$240,000. They bear a tariff rate of 30 percent.

"Let us take another item. Shovels, spades, and scoops, a large part of the production is used upon the farm, and that tariff tax, if it is effective, is \$4,600,000 a year. They bear a rate of 30 percent ad valorem.

"Internal-combustion engines.' Those are gas engines. Those bear a tariff rate of 31.24 percent. The farmer uses internal-combustion engines to a very large extent, and the tariff tax on that, if it is effective, is \$36,740,000 a year.

"* * * Now we will take miscellaneous machinery, of which the farmer uses a large quantity. The tariff tax on that, if effective, is \$7,240,000 a year. * * * Pliers, pincers, and nippers. The tariff tax now is 60 percent and they propose to raise it to 75 percent. That is a tax upon the farmer. Take saddle and harness hardware, used largely on the farm. The tariff tax is 47.6 percent. That tax represents \$2,980,000 a year.

"Take the little item of chains; a very common article upon the farm. * * * The ad valorem equivalent on that is now 28.61 percent, and it is proposed to raise that to 38.36 percent, which will yield a tariff tax, if effective, of \$8,640,000 a year. * * * Woven wire, galvanized-wire fencing, and wire for baling, practically all of which is used upon the farm. The tariff tax is 17.67 percent. * * *

(This material has been quoted from David L. Cohn, Picking America's Pockets, Harper & Bros., 1936, pp. 55, 60-66.)

6. A careful study made by the American Farm Bureau Federation in 1923 resulted in the conclusion that the Tariff Act of 1922 was resulting in an additional net loss of \$300,000,000 to the farmers as a whole. Other investigations indicated that this figure may have been too low. We find no similar studies with respect to the Tariff Act of 1930, but in view of the sharp increases in rates brought about by that measure, together with retaliatory tariffs on American products subsequently imposed by European nations, it seems reasonable to conclude that American farmers are today possible losers to the extent of over a half billion dollars annually as a direct consequence of the world-wide tariff situation.

(This material has been quoted from David L. Cohn, Picking America's Pockets, Harper & Bros., 1936, pp. 71-72.)

Mr. BURKE. Mr. President, will the Senator yield at this point for a question?

Mr. POPE. I yield for a question. I am very anxious to conclude.

Mr. BURKE. Can the Senator refer us to any statement by either Alexander Hamilton or Thomas Jefferson advocating the compulsory control of production, telling the farmers what they may produce without paying a penalty?

Mr. POPE. Certainly not, and the Senator knows it. They had not considered the matter at that time.

Mr. BURKE. The Senator was quoting them as authority.

Mr. POPE. The members of the conference committee had all this in their minds, and it melted the differences of opinion into an agreement. I think they came to the conclusion that their differences of opinion were a small matter compared to this unfair, unequal, and unjust position of the American farmer. In a land whose Government rests upon the declaration that all men are created equal under the law, such a situation cries out for justice.

A great responsibility, therefore, rested upon the conference committee, and I venture to assert that in large measure they met that responsibility. It is now for the

Senate to act. It is my hope that this great body will meet its responsibility in the same full measure of devotion to justice to the American farmer.

Mr. BARKLEY. Mr. President, in the remaining time I cannot, of course, hope to discuss this bill.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McNARY. Earlier in the day the able Senator from Kentucky expressed the hope that he might have 10 minutes to speak on the bill. Circumstances will prevent his having that time. I ask unanimous consent that there be a modification of the agreement entered into on Friday, and that the Senator from Kentucky have 10 minutes for his concluding address.

Mr. BORAH. Mr. President, I ask that the agreement be modified by unanimous consent so that we may vote on the bill at 5 o'clock.

Mr. BARKLEY. Unless the Senator from Idaho himself wishes to occupy part of that time, I should not wish to have the debate go on that long. I do not want to make more than a very brief talk on the bill. I have no objection to an extension of the time for voting.

Mr. NORRIS. Mr. President, it seems to me it is the duty of all of us to act according to the agreement heretofore entered into. Therefore, while I very much dislike to do it, I object to any extension; and I submit to the Chair that I think it is contrary to the rule to extend the time for a vote, even by unanimous consent, unless the roll is called before the extension is made.

Mr. BARKLEY. Mr. President, it usually happens that in my effort to accommodate other Members of the Senate I deprive myself of any opportunity to express my views on important legislation. I do not at any time wish to deprive others of an opportunity to discuss measures in which they are interested, but I do wish to say a few words about this bill now, which I have not done at any length since it has been under consideration since last August.

Of course, in the few minutes remaining I can do nothing more than merely refer to the measure. Everyone in any political party, or without any political party, who has given any thought to agriculture, knows that it has been and now is a national problem. There is no State in the American Union which can deal by itself, or in cooperation with the other States, with the subject of agriculture. Both political parties for the last 12 or 15 years have declared the agricultural problem to be a national problem, and promised that they would deal with it in a national way.

The only way in which any such problem can be handled is by national legislation. Not only have both political parties declared in favor of dealing with this question in a national way, but both parties have declared in favor of the control of agricultural products by cooperation between the Government of the United States and the farmers of the Nation in undertaking to bring about control. I have not the time, as I hoped I would have, to read the platforms of both political parties, which are disdained by the senior Senator from California [Mr. JOHNSON], who says that he cares not a tinker's dam about them, yet the American people have passed upon these platforms at one time or another by electing or defeating men who ran for office on a national ticket declaring in favor of dealing with agriculture and declaring in favor of the control of agriculture through national means.

Mr. JOHNSON of California rose.

Mr. BARKLEY. I cannot yield. I am sorry, but I have only 3 or 4 minutes, and I wish to insert the platform declarations of both parties with reference to agriculture since 1920.

In the Republican platform of 1920 we find the following declaration:

The farmer is the backbone of the Nation. National greatness and economic independence demand a population distributed between industry and the farm, and sharing on equal terms the prosperity which it holds is wholly dependent on the efforts of both. Neither can prosper at the expense of the other without inviting joint disaster.

Their platform in 1924 contained this declaration:

In dealing with agriculture the Republican Party recognizes that we are faced with a fundamental national problem and that the prosperity and welfare of the Nation as a whole is dependent upon the prosperity and welfare of our agricultural population.

We pledge the party to take whatever steps are necessary to bring back a balanced condition between agriculture, industry, and labor.

In his address to the Republican convention of 1928, as temporary chairman, the Honorable Simeon D. Fess made the following statement on agriculture:

The purpose of the administration in further aid is to avoid the Government taking over from the farmer his own control of the great industry, but to aid him in that control. This aid is justified because of the inherent nature of an industry of slow turn-over, unregulated production, and uncertain consumption. Could agricultural production be held within the limits of consumption the problem would be solved. Or could consumption be indefinitely increased the problem would be solved. The former can be tempered, but not fully controlled, while the latter may be increased, but within limitations. Where the Government can assist in regulating production and increasing consumption, it should cooperate with the farmer for such purposes.

In the Republican platform of 1928 we find this plan:

The agricultural problem is national in scope, and as such is recognized by the Republican Party, which pledges its strength and energy to the solution of the same.

The market promises every assistance in the reorganization of financial lines and, where diversification is needed, governmental assistance during the period of transition.

The Republican Party pledges itself to the enactment of legislation creating a Federal farm board, clothed with necessary powers (among other things) to prevent and control surpluses through orderly distribution.

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to secure its prosperity and success.

In 1932 the Republican platform contained this declaration:

The fundamental problem of American agriculture is in the control of production to such volume as will balance supply with demand. In the solution of this problem the cooperative organization of farmers to plan production and the tariff to hold the home market for American farmers are vital elements. A third element, equally vital, is the control of acreage of land under cultivation as an aid to the efforts of the farmer to balance production.

In 1928 the Democratic platform contained the following declaration on agriculture:

The Democratic Party recognizes that the problems of production differ as between agriculture and industry. Industrial production is largely under human control, while agricultural production, because of lack of coordination among 6,500,000 individual farm units, and because of the influence of weather, pests, and other causes, is largely beyond human control.

Producers of crops whose total volume exceeds the needs of the domestic market must continue at a disadvantage until the Government shall intervene as seriously and as effectively in behalf of the farmer as it has intervened in behalf of labor and industry. There is a need of supplemental legislation for the control and orderly handling of agricultural surpluses in order that the price of the surplus may not determine the price of the whole crop.

In the Democratic platform of 1932 will be found the following pronouncement:

We advocate the extension and development of the farm cooperative movement and effective control of crop surpluses, so that our farmers may have the full benefit of the domestic market.

The Republican platform of 1936 contained the following declaration:

Agriculture: The farm problem is an economic and social, not a partisan, problem, and we propose to treat it accordingly. Following the wreck of the restrictive and coercive A. A. A., the New Deal administration has taken to itself the principles of the Republican policy of soil conservation and land retirement. This action opens the way for a nonpolitical and permanent solution. Such a solution cannot be had under a New Deal administration which misuses the program to serve partisan ends, to promote scarcity, and to limit by coercive methods the farmer's control over his own farm.

Our paramount object is to protect and foster the family type of farm, traditional in American life, and to promote policies which will bring about an adjustment of agriculture to meet the needs of domestic and foreign markets.

Mr. President, I take it for granted that, without regard to the attitude of the Senator from Oregon [Mr. McNARY],

who now criticizes any effort to control production, and criticizes the doctrine of scarcity, which he denounces, his party and he himself have advocated control of production. The Senator from Oregon would shake his gory locks at me if he had any [laughter], but not having very many, and they not being gory, he need not shake what he has left at me. [Laughter.] The platform is here, and the Senator in his activity heretofore, in the passage of the Farm Board bill, which he helped to create, and in the very platform in which the farmer was promised aid, joined his party in indicating that they were in favor of creating a farm board which, among other things, would have the power to control production and to prevent surpluses in the United States.

If the Senator does not believe that, I can read the statement.

The only way to prevent a surplus is to prevent it. It is not possible to prevent anything except by making it impossible for it to be produced, and the Republican Party declared in favor of the prevention of surpluses and, where they could not be prevented, for the orderly distribution of such surpluses as might be created through lack of ability to prevent them.

We have made an effort to comply with the obligation we believe we are under to the American people, to deal with agriculture nationally. It is a complicated subject. It is one which requires deep thought and study, and I dare say that there are many farmers, as there are many Senators, who may not understand all the intricacies and the details of the proposed legislation, any more than they understand all the details of the antitrust laws, the Federal Reserve System Act, or any other important piece of legislation which has been enacted since the Government of the United States was founded.

Ever since last spring, nearly a year ago, we have been trying to meet this demand, and I congratulate the Committee on Agriculture of the House and the Committee on Agriculture and Forestry of the Senate; I congratulate the membership of both the House and the Senate; I congratulate the members of the conference committee, who have for a year been working on this measure; Senators have criticized legislation which is "hand picked" and sent to us. I congratulate the Secretary of Agriculture on the fact that he has not tried to cram any bill down the throat of Congress. All the Members of the House and of the Senate, the two committees, and the conference committee, have tried to write the bill, and this measure now comes before us for a final vote as the result of all their efforts.

Mr. President, this is an honest effort to meet the demand of the American farmer, and while it may not be any more perfect than other legislation has been, I express the honest conviction that it is the best farm bill that has ever been acted on by the American Congress in an effort to deal with a great problem of American life. It may have to be changed in the years to come in some particulars, and if it is changed, I think we will have the intelligence, based upon our experience, to make such modifications as may be required.

Mr. President, I hope the bill will be speedily enacted and signed by the President and that the Department of Agriculture, charged with the administration of the law, will administer it in such a way as to bring its benefits to the American people through agriculture, the great fundamental industry of the Nation.

The VICE PRESIDENT. The time has arrived for the vote ordered by the Senate. The question is on agreeing to the conference report.

Mr. BARKLEY and Mr. McNARY demanded the yeas and nays, and they were ordered.

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bankhead	Borah	Bulow
Andrews	Barkley	Bridges	Burke
Ashurst	Berry	Brown, Mich.	Byrnes
Austin	Bilbo	Brown, N. H.	Capper
Bailey	Bone	Bulkeley	Caraway

Chavez	Harrison	McGill	Reynolds
Clark	Hatch	McKellar	Russell
Connally	Hayden	McNary	Schwartz
Copeland	Herring	Maloney	Schwellenbach
Davis	Hill	Miller	Sheppard
Dieterich	Hitchcock	Minton	Shipstead
Donahey	Holt	Murray	Smith
Duffy	Hughes	Neely	Thomas, Okla.
Ellender	Johnson, Calif.	Norris	Thomas, Utah
Frazier	Johnson, Colo.	Nye	Townsend
George	La Follette	O'Mahoney	Truman
Gerry	Lee	Overton	Tydings
Gibson	Lewis	Pepper	Vandenberg
Gillette	Logan	Pittman	Van Nuys
Green	Loneragan	Pope	Wagner
Guffey	Lundeen	Radcliffe	Walsh
Hale	McAdoo	Reames	Wheeler

The VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present.

The question is on agreeing to the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BROWN of Michigan (when his name was called). On this vote I have a pair with the junior Senator from Massachusetts [Mr. LODGE]. Not knowing how he would vote if present, I withhold my vote.

Mr. AUSTIN (when Mr. LODGE's name was called). The junior Senator from Massachusetts is necessarily absent from the Senate. I am informed that if present he would vote "nay."

Mr. SHIPSTEAD (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I transfer that pair to the Senator from Maine [Mr. WHITE], and will vote. I vote "nay." I am not advised how the Senator from Virginia [Mr. GLASS] or the Senator from Maine [Mr. WHITE] would vote if present and at liberty to vote.

Mr. HALE (when Mr. WHITE's name was called). My colleague [Mr. WHITE] is necessarily absent from the Senate. If present, he would vote "nay" on this question.

The roll call was concluded.

Mr. LEWIS. I announce the pair of the Senator from Virginia [Mr. BYRD] with the Senator from New Jersey [Mr. MILTON]. If present and at liberty to vote, the Senator from Virginia would vote "yea"; if present and at liberty to vote, the Senator from New Jersey would vote "nay."

The Senator from New Jersey [Mr. SMATHERS] is paired with the Senator from Nevada [Mr. McCARRAN]. The Senator from New Jersey, if present and at liberty to vote, would vote "yea," and the Senator from Nevada would vote "nay."

The junior Senator from Virginia [Mr. BYRD] and the senior Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], and the Senator from New Jersey [Mr. MILTON] are absent on important public business.

The senior Senator from New Jersey [Mr. SMATHERS] is necessarily detained.

The Senator from Nevada [Mr. McCARRAN] is absent on official business in Nevada.

Mr. BROWN of Michigan. The Senator from Vermont [Mr. AUSTIN] having announced that if the junior Senator from Massachusetts [Mr. LODGE] were present he would vote "nay," I desire to announce that if I were at liberty to vote I should vote "yea."

The result was announced—yeas 56, nays 31, as follows:

YEAS—56

Adams	Connally	Hitchcock	Pepper
Andrews	Dieterich	Hughes	Pope
Ashurst	Duffy	Lee	Radcliffe
Bankhead	Ellender	Lewis	Reames
Barkley	Frazier	Logan	Reynolds
Berry	George	Loneragan	Russell
Bilbo	Gillette	McGill	Schwellenbach
Brown, N. H.	Green	McKellar	Sheppard
Bulow	Guffey	Miller	Smith
Byrnes	Harrison	Minton	Thomas, Okla.
Capper	Hatch	Murray	Thomas, Utah
Caraway	Hayden	Neely	Truman
Chavez	Herring	Norris	Van Nuys
Clark	Hill	Overton	Wheeler

NAYS—31

Austin	Borah	Burke	Donahay
Bailey	Bridges	Copeland	Gerry
Bone	Bulkeley	Davis	Gibson

Hale
Holt
Johnson, Calif.
Johnson, Colo.
La Follette

Lundeen
McAdoo
McNary
Maloney
Nye

O'Mahoney
Pittman
Schwartz
Shipstead
Townsend

Tydings
Vandenberg
Wagner
Walsh

NOT VOTING—9

Brown, Mich.
Byrd
Glass

King
Lodge

McCarran
Milton

Smathers
White

So the conference report was agreed to.

ENROLLMENT OF AGRICULTURAL RELIEF BILL

The VICE PRESIDENT laid before the Senate House Concurrent Resolution 31, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, the Clerk of the House is authorized and directed in the second paragraph of subsection (d) added to the Soil Conservation and Domestic Allotment Act by section 101 of the bill to insert the word "permanently" after the word "be" in the parenthetical expression so that such parenthetical expression will read as follows: "(except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only)."

Mr. BORAH obtained the floor.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. BORAH. I yield for a question.

Mr. SMITH. I wanted to make one statement in reference to the word which the concurrent resolution seeks to restore. It was a typographical error. The word was inadvertently left out.

Mr. BORAH. It is my understanding that the concurrent resolution is now before the Senate for consideration.

The VICE PRESIDENT. The concurrent resolution is now before the Senate for consideration.

Mr. BORAH. I desire to debate it.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. CONNALLY. The Senator from Louisiana [Mr. ELLENDER] had the floor, and yielded, with the understanding that he would resume the floor when the farm bill had been acted upon. It is my understanding, from previous statements by the Chair, that the concurrent resolution is a privileged matter.

The VICE PRESIDENT. The Chair will say in answer to the Senator from Texas that the antilynching bill is not now before the Senate. When the antilynching bill comes before the Senate, the Senator from Louisiana will have the floor. But the Senator from Idaho [Mr. BORAH] was on his feet asking for recognition when the message from the House of Representatives was laid before the Senate.

Mr. CONNALLY. I have no objection to the Senator from Idaho taking the floor.

The VICE PRESIDENT. The Senator from Idaho has the floor.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. Is it correct that the matter just reported from the House of Representatives is the matter before the Senate?

The VICE PRESIDENT. This is a concurrent resolution reported from the House of Representatives.

Mr. CLARK. And, therefore, it is a privileged resolution?

The VICE PRESIDENT. Yes. The parliamentary clerk advises the Chair it is a privileged matter.

Mr. CLARK. A further question for information. That does not displace the antilynching bill?

The VICE PRESIDENT. It does not.

Mr. BORAH. Only temporarily.

Mr. PRESIDENT, we have just passed the farm bill, and undoubtedly it will be signed by the President and become a law. The supposition and undoubtedly the belief of those who favored the bill is to the effect that it will increase farm prices and aid agriculture. We naturally all hope that may be true. But I am of the opinion, and that opinion I wish to express in some detail, that unless this measure is followed by legislation at this session we can hardly hope for

any real benefits, even if we accept the theory and philosophy of those who advocate the bill.

I desire to call attention, Mr. President, as a preface to my remarks to the condition in this country at the present time.

We now have about 10,000,000 unemployed, with 500,000 more in the offing who will become unemployed within the next 2 or 3 months. We may expect between eleven and twelve million unemployed within a reasonable time. After the antilynching bill shall have been disposed of, we are preparing to consider an appropriation of \$250,000,000 to take care of the unemployed for a time. My understanding is that it is not anticipated that that appropriation will by any means take care of the situation. It will take care of it only temporarily, perhaps until March or April.

I cannot bring myself to believe, Mr. President, that any program which looks to a curtailment in the production of foodstuffs in this country under these circumstances can be a wise policy. A few days ago I read, in a report filed by agencies in Washington, D. C., having to do with local conditions, a statement to this effect:

Wives and babies are slowly starving. * * * Employable men, willing to work, are unemployed. They and their families are suffering from starvation.

That report has to do with conditions in the District of Columbia. I have here, however, reports from other parts of the country showing a similar condition of affairs.

I read an item from the St. Louis Post-Dispatch of February 8, 1938, as follows:

Scores of persons dragged Palmer Slough in east Poplar Bluff all night Saturday and during Sunday, Monday, and today for Irish potatoes dumped there by the Surplus Commodities organization here.

Arthur Ramsey, one of those who recovered many of the sacks of potatoes, said one man succeeded in getting about 35 sacks before others learned the potatoes had been dumped into the slough.

"They said the potatoes were culls," said Ramsey, "but I've never seen finer ones in my life."

W. G. Eckhardt, district supervisor of Surplus Commodities, said the shipment of potatoes from Idaho for distribution in Stoddard and Pemiscot Counties had failed to pass inspection. He said claims against transportation companies had been filed, after which the potatoes were sent to headquarters here for disposal.

C. R. Dyck, State supervisor, according to Eckhardt, came here and ordered the potatoes thrown into the slough. Somebody saw them being dumped and the word soon got around.

Eckhardt estimated about 7,500 pounds had been dumped.

State highway patrolmen who examined some of the potatoes said they appeared to be in excellent condition.

The many persons who recovered the potatoes from the slough used boats and mussel-shell grabhooks while others, wearing high boots, waded along the edge of the slough dragging the potatoes out by the sack.

Pemiscot and Stoddard Counties are among the seven southeast Missouri cotton-producing counties where it was announced in January, in a Social Security Commission report, that 18,700 members of agricultural workers' families were living in destitution. Pemiscot County at the time had 2,000 applications for relief on file.

In Stoddard County there are 525 families receiving relief and in Pemiscot 735 at the present time.

Could anything be so inexplicable, so strange and cruel, as to reduce the production of foodstuffs, to throw foodstuffs into sloughs and rivers, in a land where wives and children are hungry even to the verge of starvation?

I now invite your attention to a report made by the Federal Trade Commission which deals with the question of who controls the food supply in this country. I think anyone who examines this report will have no doubt that the food supply in this country is under the control of three or four monopolies in the United States, and that the monopolies controlling the food supply of the country not only control the price which the consumer has to pay, but they control, with respect to a number of commodities, the amount which the farmer receives for them on his farm.

Powerful combinations are fixing the price for the producer and the price for the consumer. Those who live in the section of the country where sheep and cattle are produced know that the price of lambs and the price of beef have practically disappeared; but there is no change of any

moment in the price of lamb chops. There is no change of any moment in the price of beef when it gets to the table. While the price to the producer is such that he cannot continue in business if the present price continues, the price to the consumer remains about the same. That is so by reason of the fact, as the Federal Trade Commission report shows, that the power of the monopolies is sufficient to control the price to the producer and the price to the consumer.

I read the following statement from page 30 of a review published in a current magazine of the report to which I have referred:

The price of bread in recent months has been at its highest in 7 years. The consumers' food bill has soared \$50,000,000 a year through these prices alone. But if the bread bill has soared, then the profits of the bread industries have skyrocketed. Net profits of Continental Baking for 39 weeks ending September 25, 1937, showed more than a 100-percent increase over a similar period in 1935. And General Baking's net profits hit the bull's-eye with an increase of 1,100 percent in profits between the 1935 and the 1937 fiscal years.

Mr. President, we have had prosperity in certain portions of the business world, and we now have it. There is no recession there. There is plenty of prosperity, it seems, among those who control the food commodity supply for the people of this country. The profits of those in control are constantly increasing, and apparently they are not affected by what we call a recession.

The review continues:

The farmer's share of a loaf of bread is suitable for a microscopic slide. He receives 1 cent. The retailer gets a few tenths of a cent more. The baking monopolies account for most of the rest.

Section after section in the food industries tell the same story. The F. T. C. sums up its entire report when it says:

"The progressive enlargement of a few predominant enterprises has gone so far that, in financial strength and in numbers of persons subject to their control, the largest concerns exceed some State governments."

Without going into too much detail in connection with this report, which consists of several volumes supplying the data and the facts, we find that the food supply of this country is under the control of a few great corporations. Those corporations are fixing the price, and the price is such as to assure them not only of the profits ordinarily enjoyed, but profits constantly increasing during these days of depression or recession.

Confining ourselves to the consumer in the first place, in what respect may we hope that the great consuming public of the country will derive any benefit from any of this legislation which we are enacting from time to time? Bear in mind that it must follow, as night follows day, that the more people there are in the country who cannot buy food-stuffs, the more severe will be the pressure upon the producer, and the more ineffective any bill passed here will be in his recuperation or rebuilding. So long as monopolies control the food supply and fix the price of things the people must have, nothing we can do will bring relief to the consumer. Unless we do bring relief to the consumer, unemployment will continue, relief appropriations will increase, and taxes will increase month by month and year by year.

I read another paragraph or two from the review referred to:

Its report, in fact, is not confined to the dairy monopoly alone but discusses grain, flour mills, bakeries, biscuit companies, livestock, meat packing, and chain groceries. And to round out all sources of income for the farmer the report also includes studies of the cotton and tobacco industries.

That members of the Food Trust have broken even the present inadequate antitrust laws is easily apparent in the report. In clear violation of the Clayton Act, many of them have bought capital stock and controlling interests in competing firms and have established themselves in so strong a position that they could name their own prices either to the farmer or to the consumer.

But law violation has not been the biggest sin of the food combines. More serious has been the utter helplessness of both farmer and consumer in driving a reasonable bargain with the trusts. For his share the farmer is given the low price that the monopolies decide he shall be given. And the consumer has had to tighten his belt or else pay impossible prices for milk, butter, meat, and other important items in the daily diet. This stretch between the farmer

and the consumer is growing wider all the time. How much of it is taken out in profits by the heads of the monopolies is indicated by the Commission's disclosure that even during the depression years many firms paid average salaries of \$50,000 or more, excluding bonuses and commissions to their officers. Profits of 10 companies handling milk and milk products averaged \$37,428,162 during the lean years of 1929-34.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Idaho yield to the Senator from Vermont?

Mr. BORAH. I yield to the Senator from Vermont.

Mr. AUSTIN. I should like to inquire if the report to which the Senator has referred purports to be a report for the United States as a whole, or whether it is limited to some certain area of the United States?

Mr. BORAH. The report purports to be a report for the entire United States.

Mr. AUSTIN. I think it is very unfortunate to refer to the two commodities, bread and milk, if the effort is to show that the conditions depicted there cover the entire United States. For example, in New England our bakers are constantly pleading with their representatives in Congress to come to their relief on account of the competition with Canadian bread, which is shipped in every morning by truck as far south as Rhode Island. There is also very substantial competition in milk. We have for the past 4 or 5 years had a desperate struggle in New England trying to keep the price of milk up to such a standard that the farmers can afford to produce it. So I am just wondering whether the conditions spoken of comprehend New England.

Mr. BORAH. Yes; I think the report intends to do that because it says that—

Profits of 10 companies handling milk and milk products averaged \$37,428,162 during the lean years from 1929 to 1934.

I take it that that was intended to cover the entire United States, including New England.

Mr. DAVIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. BORAH. I yield.

Mr. DAVIS. Is the Senator reading from an article that is based on a report of the Federal Trade Commission?

Mr. BORAH. I am.

Mr. DAVIS. Has that report of the Federal Trade Commission been made public as yet?

Mr. BORAH. I think it has been made public, but it has not been printed. When it was offered for printing here by the able Senator from Iowa [Mr. GILLETTE] it was claimed that it would cost too much money, the sum of \$125,000 being mentioned; but my inquiry has led me to believe that the printing would not cost in excess of \$5,000. It ought to be published, and I hope it will be published later.

The Senator from Iowa has made an effort to secure the publication of this report.

Mr. O'MAHONEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Wyoming?

Mr. BORAH. I yield.

Mr. O'MAHONEY. I should like to say to the Senator from Idaho that the Committee on Appropriations has recommended an increase in the appropriation for the Federal Trade Commission for the purpose of having this report published, and an amendment to that effect will be presented when the independent offices appropriation bill is under consideration by the Senate.

Mr. BORAH. I am pleased to hear that.

Mr. President, the Senator from Vermont [Mr. AUSTIN] referred to the fact that this report deals with milk and bread, but it deals also with the food supply as an entirety—with meats and with all other products which are designated as food supplies. It is intended to cover the entire field; it is not limited to particular industries. Although the findings I have read relate to particular industries, the report intends to cover the entire field.

Unless we are prepared to deal with this matter, we are in a position that our farm bill and our housing bill will be practically stripped of any real beneficial effect to the American people. We passed the housing bill the other day. Eighty percent of the materials which go into the construction of houses is controlled by monopolies. The price of 80 percent of the materials is fixed by great corporations of this country. When we leave the housing bill and consider the question of food supply for those who are to live in the houses, we find that the food supply is practically under the control of a few corporations. Whenever we undertake to reach the small man, the one sometimes called "the forgotten man," when we undertake to reach the man at the lowest round of the economic ladder, we are absolutely prevented from reaching him because the price of the commodities and things which he must have is fixed by the great monopolies of the country.

Mr. POPE. Mr. President, will the Senator yield for a question?

Mr. BORAH. I yield.

Mr. POPE. Would the bill which the Senator from Idaho and the Senator from Wyoming [Mr. O'MAHONEY] are sponsoring, providing for the incorporation of interstate corporations, enable the Government to deal with that situation?

Mr. BORAH. The bill which the Senator from Wyoming and I have offered would control the particular corporations to which I am referring today. According to my investigation, they are all engaged in interstate commerce. There are a very few great corporations dealing either with the supply of commodities or foodstuffs that would not be controlled by the measure which we have introduced.

I have on my desk here an item appearing in the newspapers of February 13, setting forth that a young mother 19 years of age was arrested and fined and sent to prison for forging a check for \$5. Her plea in defense was that the check was forged in order to enable her to buy sufficient food for her family. Mr. President, in all probability, had that mother been permitted to buy foodstuffs at a price fixed in the competitive world or other than by monopolistic power, she would have been enabled to take care of her family upon the income which she had. In other words, as I said a moment ago, those who are struggling to keep off the relief rolls, those who are really at the lowest round of the economic ladder, are every day paying tribute with their few pennies, their quarters, and their half dollars to the great corporations which may fix the price which they must pay for that upon which they live. I ask my associates, If we do not take action in regard to this condition before the present session of Congress closes, how can we hope to remedy the condition of those we are so anxious to reach?

There is no lack of prosperity in this country in a vast field of industry; there is no want of profits in a vast field of our industry. The want and the need are among the fifty or seventy million people in the United States who are struggling against great odds to produce sufficient in one way or another, by labor or otherwise, to buy their subsistence from day to day. I say that we cannot reach those people; we cannot help them unless we take away from the corporations the power to fix the price which those consumers must pay.

A great number of the people of the United States can pay these prices without any real financial or economic injury to themselves. We are really living as a nation now and running the Government upon one cylinder. The fifty or seventy million people who ought to be a part of our wealth-producing country, who ought to contribute to our prosperity and contribute against recessions and depressions, cannot even get started. Why? Simply because the 25 cents or the 50 cents or the 75 cents which they would put into the savings banks the monopolists reach out and take from them by increasing the price of things they need. They cannot put any money away. The price which they have to pay is all and often more than they can pay.

We hear much said about the savings banks. Where do the savings in those banks come from? The sixty-five or

seventy million people to whom I refer have no savings in the savings banks. They are without means of protecting themselves for a rainy day and at the same time be enabled to live from day to day upon what they can earn. Why? Because the price of everything which they buy is fixed by monopolies. It is a serious situation and one that should be recognized by this great Nation. When we find the food bill of the country is in the control of monopolies, it presents a problem of the first magnitude.

We might not be concerned with steel; we might not be moved by the aluminum monopoly, although the products of steel and aluminum go into things which are very near the home life, but when it comes to dealing with the food supply which affects the very life of the people, as this report unquestionably shows, we cannot afford to delay; we dare not procrastinate. It is dangerous to procrastinate in such a matter, as more than one nation in the past has discovered.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. TYDINGS. I am wondering if the Senator knows—I do not—whether the Government has ever made an investigation as to the various items that affect the price of food from the time it leaves the farm until it reaches the ultimate consumer, such as transportation, and so on? I wonder if the Government has ever made any study of that kind, and has any actual figures to show the various steps up from the time the commodity leaves the farm until it reaches the consumer?

Mr. BORAH. I am not familiar with any accurate data upon that particular phase of the matter; but if some interesting facts should be developed upon that phase of the matter it would not disturb the persons who monopolistically control these things, because they would fix the price not according to the facts as they are disclosed, but according to what traffic would bear.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BORAH. Yes.

Mr. TYDINGS. The point is that I think we could isolate the thing if we had that sort of a break-down, and tell where the main increase comes. For example, in my own State, which is a cattle-fattening State, quite often the farmers are practically unable to sell their cattle at all. They go to market with their cattle, and there is no demand for the cattle. The packing houses say they are filled up; they have no place to store it.

Mr. BORAH. Exactly.

Mr. TYDINGS. And the farmer has to sell, for probably 7½ or 8 cents a pound, fat cattle for which he paid nearly that much when he bought them.

I think it would be very interesting if, over a period of time, we could ascertain the percentage step-up which occurs from the time the product leaves the farm until it reaches the ultimate consumer, so that we could see where the main increase in price comes; whether it is with the large concern to which the Senator alludes, or the retailer, or the transportation man, or the handler, or where it may be.

Mr. BORAH. Mr. President, the farmer takes his livestock to the market. There he meets Mr. Monopoly, who says to him, "The price today is off." The farmer cannot stay there indefinitely. He must sell. The price may go up again in his absence, but when he returns he is told once more, "The price is off today." That statement rings in the ears of every western producer of livestock, and he knows precisely where it comes from. He recognizes his master's voice. It is the voice in unison of about three or four meat-packing companies in the United States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BORAH. Yes.

Mr. TYDINGS. The situation in the West and in the East must be very much the same, because if the price of meat goes up half a cent a pound, the following Thursday—which is the usual cattle day in Baltimore—all the farmers come in to get the advantage of the slight increase in price, and, of course, the price immediately goes down again. At the present time the farmers of my State are keeping their cattle,

at great expense, because it would be absolutely confiscatory to sell them at the present price.

There has been some reduction in the retail price of meat; but I should like to know what constitutes the spread between the price the farmer gets and the price the consumer has to pay. I should like to see the transaction broken down into its various stages, so that we could see who is getting the most profit out of it.

Mr. BORAH. Mr. President, that would be interesting, but it would not make a particle of difference to monopoly. They know now where the transaction is broken down, and who is getting the profit; but they fix their price so as to take care of themselves, regardless of what occurs up to the time the product reaches them.

The freight rates from the West are no higher today than they were a year ago, and I presume the charges of the commission agents are about the same. When the stock producer gets to the market he is not met there with an increase of freight rates because it has not happened. He is not met there with an increase of commission agents' charges because it has not happened. He is met there with the statement that there is no market; and that is the matter which is controlled by the great packing companies of the United States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. TYDINGS. I think one of the causes of the low price of beef to the farmer in the East at the present time is the fact that the consumer is not buying as much as he bought 5 or 6 months ago. The farmer has stocked up with lean cattle, thinking he would fatten them on a continuing market; but the buying demand of the public has subsided. Consequently, with the farmer's finished product coming to the market, there is not enough buying power under it to keep up the price. I do not mean that the monopoly perhaps is not taking advantage of that situation; but I do think that the farmer's price is affected by the lack of consuming power more directly than by anything else at the present moment.

Mr. BORAH. I think there is a great deal in the fact that the public is not consuming so much, because it has not anything with which to buy. A very small amount of meat it being eaten in the United States compared to the amount that would be eaten if the people had the means with which to buy.

Mr. TYDINGS. That is true.

Mr. BORAH. And why have not the people the means with which to buy?

Mr. TYDINGS. I should not want to get started on that discussion.

Mr. WALSH. Because they are unemployed by the millions.

Mr. BORAH. They are unemployed; but even when they get employment, what can they save out of their pay? The price of everything they must have in order to live, either building material for their homes, or their food, is fixed so as to take away from them in increased prices every dime and every quarter and every half dollar they have received.

Mr. TYDINGS. Mr. President, will the Senator yield at that point?

Mr. BORAH. Yes.

Mr. TYDINGS. What the Senator says about monopoly is largely true. I remember that when we were having our labor difficulties a year and a half ago, when the sit-down strikes were on, the big concerns selling farm equipment came to a farm which I happened to know something about and said that because of those difficulties, starting on the 20th of that month there would be an increase of 20 percent in the cost of farm machinery; and every farmer in that particular locality who bought farm machinery after that time had to pay an increase of 20 percent for that machinery. Of course, that shows just how the price may be raised almost arbitrarily, and the farmer has no way of meeting that sort of increase when he comes to sell what he produces. How it can be done, I do not know.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BORAH. Yes; I yield.

Mr. AUSTIN. I desire to ask the Senator from Idaho if he does not believe that one of the reasons why, during the past 6 months, a large number of persons have not had the means with which to buy, is that for each of 12 months in the year 1937 there were withdrawn from the purchasing power of the people net contributions of the Federal Government aggregating \$275,000,000 per month. Is not that the probable cause of what is euphemistically called a "recession"? It is the perfectly obvious and natural course which follows any fictitious prosperity, any prosperity which is created solely by the Government.

Is not our situation today in part due to the sudden education of the people and adaptation by them to a support furnished by the Government and its subsequent withdrawal when the well began to run dry, with a consequent increase in the lack of purchasing power?

Mr. BORAH. Mr. President, undoubtedly the matter of taxes is one of the great contributing causes to the distress which exists in this country; but, in my opinion, it really does not very much affect the question I am discussing, and I will tell the Senator why.

The years 1928 and 1929 were the greatest wealth-producing years this country has ever experienced. Investigation now has shown that in 1929 over 70 percent of the people of the United States were living on the bare necessities of life, and that 50 percent of them were living on less than the bare necessities of life. Millions and millions of people in the United States in those great wealth-producing years, when we were levying a lighter tax than at the present time, were living on the ragged edge of hunger all the time. Why was that so? It was because those who controlled these great natural resources and food supplies were fixing the price at which the people should buy; and, believe me, if the other Members of the Senate will investigate the matter as long as I have they will conclude that that price is fixed as nearly as possible at the maximum amount the people can pay. That is the basis upon which these monopolists operate. They are like a great czar looking out over the people and saying, "These people can pay so much. Now they have passed a farm bill. The farmers think they will get a little more. We will increase the price of agricultural products."

A few days ago I saw in the newspapers an announcement to the effect that agricultural products would go up in price next year. Who knows they will go up? How can anyone say that next year the prices of agricultural products will go up? It is the men who control the power to send them up, and no one else, who could make such a statement. So, if the farmer gets some benefit out of this measure—which I fear he never will—those people who fix the prices which the farmer must pay in order to run his farm will fix the prices in accordance with the increased income. I suppose they were anticipating some change when they announced that the prices of agricultural products would go up.

Mr. President, I am aware of the fact that I am talking on a subject which writes me down as a fanatic, because I have talked on it so long, but I say that it is my conviction that we never can reach the poor people of this country and restore them to any degree of decent living until we take away the power of private corporations to fix prices.

If Senators will look over the field they will find that the private corporations are in control of practically everything which men and women must have in order to live. Take the oil industry for example. Five corporations can tell us just exactly what it will cost us if we drive home in our automobiles. They can fix the prices from time to time, and they do it. They may sit in a room in the Blackstone Hotel in Chicago, as they did sometime ago, and determine upon a policy to eliminate the independent man, and to control the situation absolutely. Private corporations are in control of copper, they are in control of oil, they are in control of the natural resources, they are in

control of aluminum, and now they are in control of the food supply of the country. And they are impoverishing the people more and more in numbers year by year. I do not contend that monopoly is the sole cause of our present unhappy condition. But I do contend that it stands in the way of our successfully reaching in our remedial measures the body of our people.

I stated a moment ago that we cannot afford to procrastinate. Dr. Sprague, the able, sincere, and unselfish adviser of the world, said in an interview a few days ago that he doubted the ability to control monopolies—I am not quoting his words exactly, but the substance—and that he did not know whether it was advisable or not.

Mr. President, there comes a time in the suffering of the people when they blow into a thousand pieces these theories as to whether or not it is advisable to give them a chance to live upon a decent standard. If we do not handle the matter in an orderly way, if we do not do it under the law, if the Government does not protect the people and give them the protection against exploitation which they are entitled to have, it will be done in a different way. I do not know when, but I do remember that the great financier of Louis of France said to his king, "If you will follow my advice, I can bring prosperity of a substantial degree to the people who are complaining." The king said to him, "I will take your advice," and the great financier proceeded to outline his system. But the powerful combines and great influences of the time called upon the king and told him that what his minister advised would ruin his country, that he could not afford to follow such a financial course. So the king broke with his finance minister, dismissed him, and upon his successor the people called, and there followed the only remedy the people had—riot, bloodshed, and the French Revolution.

I am not anticipating revolutions in this country, but I do know that there is a limit to human endurance, which will come to the American people, just as to all other people. So long as the people see these vast gatherings of untold millions going to the hands of those who control the food supply, and so long as they see the ravages of hunger about them, see their children in want, and have not the means to respond to the pallid lips begging for food, so long as that condition continues, there is being planted in this country the seeds of revolution. It is certainly not safe or wise to tempt the most patriotic of people too far or trifle with them too long.

There are theorists who sit around and say that it would disturb business, and that we should give business a rest. I would give them a rest. Legitimate business is entitled to a rest, but there is and can be no rest for legitimate business so long as monopoly continues to have its way. It will in time destroy legitimate business.

Mr. President, a few years ago another Roosevelt started upon a fight against monopolies, against trusts, and he made great headway. It got to be a very serious matter with the trusts and the monopolies. George W. Perkins, then a member of the firm of Morgan & Co., conceived the idea of creating what he called a business court, or a business committee, or a set of businessmen appointed by the Government, with whom other business might meet for the purpose of sitting down with monopolies and determining just what they could do and what they should do. He said that the monopolists were not bright lawyers and were not keen about interpreting law; that they might make mistakes, and that what they desired was to be advised in advance that they were not making a mistake; that the monopolies should be left intact, left free to control the situation, but advised just how far they should go. This was a scheme for the purpose of advising these great business interests so that they could keep out of the clutches of the law.

Mr. President, that scheme has been revised. We now have another proposal which, as they say, would and should take the penalties off these men, take the threat of penalties off the men who control monopolies and fix prices, advise them as to what they can do, how they should do it, and so forth. That leaves the monopolies in control, but

to depend upon proper advice being given by the agents of the Government so that they will do the right thing. We are to have a system in which those who control the national resources, the food supply of the country, and levy tribute upon 130,000,000 people are to be furnished advisers as to what is safe. This little committee composed of monopolists and their advisers are to be the economic dictators of the Nation. It is the shrewdest scheme that could be devised to foster, maintain, and perpetuate monopoly in this country.

Mr. President, this young mother who forged the check for \$5 in violation of the law to enable her to buy food for her family goes to the penitentiary, but it is proposed that those who compel her to do this thing, by fixing the prices which she could not pay, are to go free, under advice from the Government—a damnable and infamous doctrine. It separates this country into two classes, the poverty-stricken and the multimillionaire. There is only one way to meet monopoly, and that is to destroy it. Monopoly has been the enemy of democracy and society and honest politics wherever it has appeared, and it will destroy any democratic government where it continues to exist.

Mr. BARKLEY. Mr. President, will the Senator yield?
Mr. BORAH. I yield.

Mr. BARKLEY. I have not been able to follow the remarks of the Senator consecutively, because of interruptions, but who is it that is proposing to do what the Senator suggested a moment ago?

Mr. BORAH. For the satisfaction of the Senator, it was not the administration.

Mr. BARKLEY. I did not think it was. I had not heard of any such proposal.

Mr. BORAH. But it is being urged upon the administration, by those who profess to be the friends of the administration and said to enjoy its confidence, that is still an imitation of George W. Perkins who was a devoted friend to the first Roosevelt, and sad were the fruits of the friendship.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. BORAH. I yield.

Mr. AUSTIN. I am much interested in the discussion. It seems to me the Senator depends on price fixing as the basis for the ascertainment of what constitutes monopoly, and I wish to ask him if he thinks that it is beneficial for our country to have the Government take over an entire industry, like the coal industry, and create a bureau which will fix prices by ascertaining the weighted cost of production, and putting a minimum price on the entire commodity for all buyers, regardless of conditions and circumstances?

Mr. BORAH. As the Senator knows, I am sure, I voted against both coal bills. I do not believe in price fixing, either by the Government or by private corporations. I do say, however, that it is my deliberate judgment that if price fixing by private corporations continues, price fixing by Government will inevitably follow. If prices continue to be fixed by private corporations, the people will in a very short time demand that the Government do the price fixing, and not the private corporations. I do not believe in either practice. I think that if proper rules of conduct are established in this country, and there is competition, there will be no reason for the fixing of prices by the Government, and that I hope to avoid second only to avoidance of the other.

The able senior Senator from Wyoming [Mr. O'MAHONEY] and I have presented a bill, which is now in committee, and which I hope shortly will be reported, dealing with this subject. It is not my purpose today to discuss that measure in detail. I do wish to say, however, that we have received a great many letters protesting against the measure. The first great objection made to it is that the definition of interstate commerce is so wide-ranging that it would be something far beyond any precedent heretofore existing.

The Senator from Wyoming and I accepted the definition of interstate commerce announced by Chief Justice Marshall and Chief Justice Hughes. We thought they were sane and sound. We primarily relied upon their definitions. We feel that we could have found no safer guides on that question.

These correspondents disclose in their letters, before they get through, that they do not desire to have the National Government undertake to control interstate commerce in the full sense of the term. They desire that the State corporations may continue to deal with interstate commerce under the instrumentalities or charters which they have gotten from the States, leaving a wide range of territory over which neither the National Government nor the State government can exercise beneficial or effective control.

Secondly, they say we would destroy State rights. That is a subject upon which I am rather sensitive. I want to say from this floor that if these gentlemen will point out wherein we invade State rights in any substantial particular whatever—and I think I speak for the coauthor of the bill—we will take the provision out of the bill. We knew enough to know that we could not invade the rights of the States, that we could not exercise control over commerce beyond the terms of the Federal Constitution. And more than that we had no desire to interfere with the powers of the State. We are both believers in the rights of the States and in the Federal Constitution. Now, if unwittingly we have fallen into so serious an error as is charged, let those who thus charge be specific and they will be heard with sympathetic ears.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. O'MAHONEY. I agree with what the Senator has said. I think the votes which were cast this afternoon by the Senator from Idaho and myself with respect to the farm bill, upon the theory that that measure constituted too large a degree of Government interference with the private rights of private individuals, are proof sufficient that we have no intention whatsoever of invading State rights with respect to business.

Mr. BORAH. Mr. President, I repeat that what we ask for is constructive criticism. We are not sensitive to criticism. We are somewhat impatient with criticism which does not point out anything to sustain or support their position. If they will point to us where we are interfering with State rights, I repeat, it is our purpose to remove it from the bill before it is finally presented to the Senate.

FEDERAL INCORPORATION ON THE AIR

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. SCHWELLENBACH. I wonder if the Senator would object if at this time, in connection with the statement of the Senator from Idaho, I should make what might be in the nature of an announcement in reference to the bill which has been introduced by the Senator from Idaho and the Senator from Wyoming. There is to be a debate on Thursday evening, February 24, at 9:30 o'clock, eastern standard time, at the Town Hall meeting of the air in New York, which will be broadcast over the National Broadcasting System. The Senator from Wyoming [Mr. O'MAHONEY] will present the affirmative of the proposition of Federal incorporation, and he will be opposed by Mr. James Cromwell. I think the Members of this body will be interested in listening to that debate upon the precise question which the Senator from Idaho is now discussing.

I thank the Senator from Idaho for giving me this opportunity.

Mr. BORAH. Who is opposing the Senator from Wyoming?

Mr. SCHWELLENBACH. Mr. James Cromwell.

Mr. BORAH. He is a very able gentleman; I will leave the matter in the hands of the coauthor of the bill.

One word, Mr. President, in conclusion. It was the hope of the Senator from Wyoming and myself to establish fair and honest rules of conduct for corporations engaged in interstate commerce. We desire to write into the bill itself, if we can, such rules or such provisions as will protect the consumers of the country from what we conceive to be unjust acts upon the part of certain corporations. It is not

our purpose to interfere in any way with the powers of the State to deal with intrastate commerce, or to invade in any respect the powers of the State with reference to the subject of commerce, but if we can accomplish it we are determined no longer to permit the instrumentalities created by the States or the corporations created by the States to control or interfere with interstate commerce.

There are now 48 States issuing corporate charters, and granting powers and giving authority to corporations, and those corporations purport to deal in and carry on interstate commerce. We propose, if we can, to see to it that the Federal Government controls the instrumentalities and the charter powers of corporations which deal in interstate commerce, as well as the attempt to control interstate commerce, while leaving the instrumentalities in the hands of the States. We are not seeking to take anything in addition to that which has been given to Congress by the Constitution of the United States, but we feel we want rules established which will protect the people of this country from monopoly. We want to occupy the whole field of interstate commerce both as to commerce and the instrumentalities of interstate commerce.

Mr. NORRIS. Mr. President, I wish to call the attention of the Senate to the parliamentary situation as I see it. There is no opposition to the concurrent resolution now before the Senate and being debated so far as I know. It provides for the correction of a typographical error. In the meantime, the conference report on the farm bill, which we have agreed to, will be held up until the Senate passes the concurrent resolution, because the concurrent resolution must be passed before the engrossment of the farm bill can take place.

Therefore, as interesting as is the discussion to which we are now listening, and as much as I agree with what the Senator from Idaho has said—and I agree fully with it—the effect of the discussion, in the parliamentary sense, is simply to hold up the farm bill.

I appeal to Senators, since there is no opposition to the concurrent resolution, that we be permitted to vote on it so that the farm bill may be engrossed.

Mr. KING. Mr. President, I was detained in a committee meeting when there was a roll call and a vote on the conference report. I regret very much that I was unable to be present at that vote. I was very much opposed to the bill and the conference report, and regret that I was not here to vote against the adoption of the report. I wish the RECORD to show at this time my statement that if I had been present I should have voted "nay" on the conference report.

The VICE PRESIDENT. The question is on agreeing to the House concurrent resolution.

The concurrent resolution was agreed to.

PREVENTION OF AND PUNISHMENT FOR LYNCHING

The Senate resumed the consideration of the bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching.

The VICE PRESIDENT. The antilynching bill automatically comes before the Senate, and the Senator from Louisiana [Mr. ELLENDER] has the floor.

MOTION TO CLOSE DEBATE

Mr. WAGNER. Mr. President, I ask that I may file at the desk a petition in accordance with the provisions of rule XXII of the Standing Rules of the Senate, embodying a motion to close debate upon the pending bill.

The VICE PRESIDENT. The Senator has the right to file the petition. The Senator will send it to the desk to be read under the rule.

Mr. WAGNER. Very well. I may state that the Senator from New Jersey [Mr. SMATHERS], who is unavoidably absent, asked me to state that if he were present he would sign the petition.

The VICE PRESIDENT. The clerk will read the petition.

The Chief Clerk read as follows:

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching.

ROBERT F. WAGNER.
FREDERICK VAN NUYS.
ROBERT J. BULKLEY.
WILLIAM H. DIETERICH.
ROYAL S. COPELAND.
SHERMAN MINTON.
BENNETT C. CLARK.
ELBERT D. THOMAS.
GEO. MCGILL.

FRED H. BROWN.
HOMER BONE.
M. M. NEELY.
HERBERT E. HITCHCOCK.
L. B. SCHWELLENBACH.
JOSEPH F. GUFFEY.
ROBERT M. LA FOLLETTE, Jr.
HARRY S. TRUMAN.
JAMES H. HUGHES.

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Texas?

Mr. ELLENDER. I yield.

Mr. CONNALLY. Under the rule, in case cloture should be adopted, no amendments will be considered except those which have been read. I therefore ask unanimous consent that amendments to the pending bill which are now on the desk be considered as having been read. I do not care to take up the time of the Senate to have them read.

The VICE PRESIDENT. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. KING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KING. I have two amendments to offer to the pending measure. Inadvertently I left them at my office. I ask unanimous consent that I be permitted to hand them to the clerk and that they be considered as having been read.

The VICE PRESIDENT. Are they amendments to this particular bill?

Mr. KING. Yes, to the bill now before the Senate.

The VICE PRESIDENT. Without objection, the amendments to which the Senator from Utah refers will be considered as having been received, submitted, and read.

(The amendments submitted by Mr. KING intended to be proposed by him to the bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching were considered as read and ordered to lie on the table and to be printed.)

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BARKLEY. Without in any way surrendering any rights which the Senator from Louisiana has by reason of occupying the floor, I ask that he may yield to me in order that I may move an executive session.

The VICE PRESIDENT. Will the Senator from Louisiana yield to the Senator from Kentucky, without losing any of his rights, for the purpose stated?

Mr. ELLENDER. I yield.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. MCGILL, from the Committee on the Judiciary, reported favorably the nomination of Maurice M. Milligan to be United States attorney for the western district of Missouri.

Mr. BURKE, from the Committee on the Judiciary, reported favorably the nomination of A. Cecil Snyder to be district attorney for the district of Puerto Rico.

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

If there are no further reports of committees, the clerk will state, in their order, the nominations on the Executive Calendar.

COLLECTORS OF CUSTOMS

The Chief Clerk read the nomination of Agnes M. Hodge to be collector of customs for customs collection district No. 35.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Fountain Rothwell to be collector of customs for customs collection district No. 45.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

BOARD OF TAX APPEALS

The Chief Clerk read the nomination of Clarence V. Opper, of New York, to be a member of the Board of Tax Appeals.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES PUBLIC HEALTH SERVICE

The Chief Clerk proceeded to read sundry nominations in the United States Public Health Service.

Mr. BARKLEY. I ask unanimous consent that the nominations in the Public Health Service be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

IN THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I move that the nominations in the Army be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

IN THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Navy.

Mr. BARKLEY. I move that the nominations in the Navy be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

IN THE MARINE CORPS

The Chief Clerk read the nomination of Maj. John T. Walker to be lieutenant colonel.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 50 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, February 15, 1938, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 14 (legislative day of January 5), 1938

COLLECTORS OF CUSTOMS

Agnes M. Hodge to be collector of customs for customs collection district No. 35, with headquarters at Minneapolis, Minn.

Fountain Rothwell to be collector of customs for customs collection district No. 45, with headquarters at St. Louis, Mo.

BOARD OF TAX APPEALS

Clarence V. Opper to be a member of the Board of Tax Appeals.

UNITED STATES PUBLIC HEALTH SERVICE

Marion F. Haralson to be senior surgeon.

John F. Mahoney to be senior surgeon.

John W. Cronin to be passed assistant surgeon.

Dwight K. Shellman to be passed assistant dental surgeon.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Capt. Wilbur Fisk Browder to Quartermaster Corps.

Capt. Ernest Benjamin Gray to Quartermaster Corps.

Capt. Emil Frederick Kollmer to Quartermaster Corps.

PROMOTIONS IN THE REGULAR ARMY

Clarence Talmage Marsh to be colonel, Coast Artillery Corps.

John Blackwell Maynard to be colonel, Coast Artillery Corps.

Jacob Herman Rudolph to be colonel, Air Corps (temporary colonel, Air Corps).

Raymond Ceward Baird to be colonel.

Arthur Griffith Campbell to be colonel, Coast Artillery Corps.

Marvin Conrad Heyser to be lieutenant colonel, Field Artillery.

Harold Preston Kayser to be lieutenant colonel, Infantry.

Basil Dennis Spalding to be lieutenant colonel, Infantry.

Sidney Guthrie Brady to be lieutenant colonel, Field Artillery.

Robert Sherman Barr to be lieutenant colonel, Ordnance Department.

Charles Joseph Herzer to be lieutenant colonel, Coast Artillery Corps.

George Lea Febiger to be lieutenant colonel, Infantry.

George A. Pollin to be lieutenant colonel, Field Artillery.

Claud Edward Stadtman to be lieutenant, Field Artillery.

Arthur Edwin King to be major, Field Artillery.

Aubrey Jefferson Bassett to be major, Infantry.

Frank Amedee Derouin to be major, Infantry.

Gottfried Wells Spoerry to be major, Infantry.

Harry Donnell Ayres to be major, Infantry.

Edwin Uriah Owings Waters to be major, Infantry.

William Ward Wise to be major, Chemical Warfare Service.

Frederick Harold Gaston to be major, Field Artillery.

John James Gorman to be major, Infantry.

Rodney Campbell Jones to be major, Coast Artillery Corps.

APPOINTMENTS IN THE REGULAR ARMY

Leonard Paul Zagelow to be second lieutenant, Medical Administrative Corps.

George Henry Wilson to be second lieutenant, Medical Administrative Corps.

James Wheeler McCormley to be second lieutenant, Medical Administrative Corps.

Ernest William Bye to be second lieutenant, Medical Administrative Corps.

John Valdo Painter to be second lieutenant, Medical Administrative Corps.

PROMOTIONS IN THE NAVY

Joel W. Bunkley to be captain.

Joseph J. Clark to be commander.

Albert M. Bledsoe to be commander.

Corydon H. Kimball to be lieutenant commander.

John W. Davison to be lieutenant.

Warren S. MacLeod to be lieutenant (junior grade).

Jack O. Wheat to be passed assistant paymaster.

MARINE CORPS

Maj. John T. Walker to be lieutenant colonel.

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 14, 1938

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we pray in the name of Him who has unveiled the secret of Thy purpose for humanity; He is before all things. At His feet we hear the song of hope and breathe the prayer of gratitude. We pray Thee that our daily comfort may be borne of the conviction that Thou art always near. Impress us, our Father in Heaven, that it is ours to make the unknown future brighter, to see the vision and fulfill it. May we so labor, plan, and live as to be an inspiration and a blessing to others. Oh, breathe Thy silent, life-giving power into us that service may be our souls' immortal purpose and our richest achievement. No life is

LXXXIII—120

useless, neither is its labor in vain that lightens the burden of another. Do Thou harmonize all true works and workers. Encourage us to walk in Thy way, think Thy thoughts, and let the pure, deep splendor of Thy spirit dwell within us. In our dear Redeemer's name. Amen.

The Journal of the proceedings of Thursday, February 10, 1938, was read and approved.

EXTENSION OF REMARKS

Mr. HAINES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter I received from a constituent and a copy of my reply thereto.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to print in the RECORD a letter I received from Secretary of State Hull having to do with national defense and our foreign relations and also the letter that I wrote to Secretary Hull on the same subject.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BOYER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a statement of the honorable Gov. Henry Horner in a petition of the State of Illinois to the National Bituminous Coal Commission.

This statement will be longer than the amount allowed by the rules of the House, and the Government Printing Office estimates the cost at \$120.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent that I may have inserted in the RECORD a Lincoln Day address made by myself.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, I ask unanimous consent to extend in the RECORD my own remarks and include therein a short article which I believe will be read with interest by all of the adolescent period.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

KING-MAVERICK RESOLUTION FOR LIMITATION OF ARMAMENT

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MAVERICK. Mr. Speaker, I have introduced today an identical resolution with one introduced by Mr. KING in the Senate which calls for a conference on limitation of armament, to be held in the United States of America.

At this time the world is in serious trouble, and I believe the time to have a peace conference or an armament conference is in advance of war and not after war. To forestall death and destruction is much more pleasant than post mortems. [Applause.]

JAPANESE REPLY WAS NOT BELLIGERENT

I may also say that the Japanese reply to our note requesting information on naval vessels was not belligerent. It was rather courteous and showed a willingness to cooperate. The note mentioned the fact they were willing to abolish capital ships used in aggressive warfare.

We had a conference for big-business men.

We had a conference for little-business men and the little-business men's conference was a flop; but with the world in such a terrible situation, let us try, let us not lose hope, and the time to have a limitation or armament conference is now!

**SAVE MILLIONS OF LIVES, BILLIONS OF DOLLARS IN PROPERTY,
CIVILIZATION ITSELF**

We may save millions of lives and billions of dollars in property values, and may save civilization itself.

I ask the support of this House and the American people in carrying out such limitation of armament conference. We can lose nothing, and there is everything to gain. [Applause.]

EXTENSION OF REMARKS—EXPLANATORY INFORMATION

By unanimous consent, I am extending my remarks to include certain explanatory documents. They are (I) the King-Maverick resolution, (II) a full copy of the Japanese note to the United States, and (III) an editorial from the Springfield Republican. They are as follows:

I. KING-MAVERICK RESOLUTION (H. J. RES. 598)

Whereas the increase in world armaments is causing deep concern among the people of all lands and is regarded by them as provocative of international conflicts; and

Whereas such increase imposes heavy burdens of taxation upon the people and every form of industry, and interrupts trade and commerce among nations: Now, therefore, be it

Resolved, etc., That the President of the United States is requested to invite the governments with which the United States has diplomatic relations to appoint representatives to a conference to be held in the city of Washington, which shall be charged with the consideration of the causes and purposes of present military and naval expenditures, and with the formulation of measures by which armaments of war, either upon land or sea or air, shall be effectually reduced and limited in the interest of world peace and the relief of all nations from the burdens of inordinate and unnecessary expenditures for the provision of armaments.

That it is the sense of the Congress, in case an understanding can be reached at such conference, that it will conform its appropriations for military and naval purposes, including building plans, to the terms of such understanding.

II. JAPANESE NOTE, DATED FEBRUARY 12, 1938, SENT TO UNITED STATES, FRANCE, AND ENGLAND

The note from Japan, in full, is as follows:

It may be recalled that at the last London Naval Conference the Japanese Government proposed in earnest their desire to bring about a drastic reduction in naval armament, the total abolition of capital ships and aircraft carriers which are aggressive in their nature, and at the same time contended that qualitative limitation, if unaccompanied by quantitative limitation, would not be calculated to achieve any fair and equitable measure for disarmament.

Unfortunately, the views of the Japanese Government were not shared by your government and other governments concerned. This fundamental principle entertained by the Japanese Government was, as your government will be aware, made clear again last year in their reply to the proposal of your government regarding the limitation of gun calibers. The Japanese Government always were prompted by a spirit of nonmenace and nonaggression and have no intention whatever of possessing armament which would menace other countries.

At this juncture, when as a result of the nonacceptance by other countries of the reasonable desires of Japan in the matter of disarmament, there is as yet in existence no fair disarmament treaty to which Japan is a party, the Japanese Government are of the opinion that mere communication of information concerning the construction of vessels will, in the absence of quantitative limitation, not contribute to any fair and equitable measure of disarmament and regret that they are unable to comply with the desire of your government on this point.

The Japanese Government fail to see any logical reasoning in the assumption on the part of your Government that this Government must be deemed to entertain a scheme for constructing vessels which are not in conformity with the limits provided by the London Treaty of 1936 from the mere fact that they do not dispatch a reply giving the desired information; and they are of the opinion that it is not a matter which should concern this Government if your Government, on the basis of whatever reason or rumor, should exercise the right of escalation provided in any treaty to which Japan is not a party.

Your Government are good enough to intimate that, should the Japanese Government hereafter be prepared to agree to some limitation in respect of the tonnage of vessels and the caliber of guns, they would also be prepared to discuss the matter. The Japanese Government, still holding the firm conviction that qualitative limitation, if not accompanied by quantitative limitation, would by no means contribute to the attainment of any fair and equitable measure of disarmament, cannot but consider that the discussion suggested by your Government would not conduce in any measure to the realization of their desires concerning disarmament.

It is to be added, however, that as the Japanese Government did not fall behind other governments in their ardent desire for disarmament, they will be ready at any moment to enter into any discussions on the matter of disarmament which gives primary importance to a fair, quantitative limitation.

III. EDITORIAL FROM SPRINGFIELD REPUBLICAN CONCERNING PRESENT SITUATION

The following is the editorial dated February 13, 1938, at Springfield, Mass.:

A second opportunity

Japan's formal reply to the request for information on her naval program confirms the most pessimistic expectations on the main point. The refusal, however, is qualified by an expression of willingness to be "ready at any moment to enter into any discussions on the matter of disarmament which gives primary importance to a fair quantitative limitation."

The refusal to give the information desired is regrettable, for it will add to the danger of an intensified arms race. But, at the same time, there is imperative need for a frank facing of the situation at Washington. Admiral Leahy, now the professional head of the Navy, should be recalled as a witness before the House naval committee. He should be asked in what way the interests of the United States would suffer if such a Japanese proposal were agreed to with naval limitations so low as to confine Japan more closely to her sphere and the United States to ours.

Situation should be explored with candor

The answer to that question would throw more light on the problem now before the country than the answer to any question yet asked. It would establish more clearly what is involved in the President's request for a 20-percent increase of the American Navy.

There is cause for apprehension that that increase, if granted by Congress, will lead to greater increases. For this reason, if for no other, the whole situation should be explored with convincing candor. A national decision can then be more intelligently made.

No such thing as absolute security in world

There is, in this world, no such thing as absolute security. To cover a warship with armor, instead of merely limited areas of her hull, would cause her to sink like a stone. Armies and navies can become so big that their costs sink the standard of living, in addition to the dangers they create by inviting reprisals born of the fear instilled in other peoples. Nations, like individuals, must choose between the risks of life.

If it is argued that naval equality on a reduced scale on the opposite sides of the Pacific would endanger the United States, two things should be pointed out. The greater the reduction the greater the inability to conduct offensive operations at a distance. At the same time any reduction would bring the Japanese navy more within range of effective action by the Russian submarine flotilla maintained at Vladivostok.

Courage needed in present aroused state

If it should appear, in the final analysis, that the chief reason for the desired maintenance of the Navy on an enlarged basis above the \$550,000,000 it will cost during the coming year is its supposed need for defending the Monroe Doctrine, there will be advantage in that demonstration. We shall know what we are being asked to pay for.

After having refused Japan's demand for naval equality 2 years ago at London, it would take courage, in the aroused state of present feelings, to grant that demand now. But to grant it then on the greatly reduced scale of naval establishments which Japan had suggested seemed the only hope of an escape from the vicious circle of an armament race and the mounting spiral of its costs.

If Japan is ready to take the same position now, the pros and cons deserve the most careful thought that can be given in all their aspects. There may be no third opportunity. The Japanese reply should not be dismissed without further consideration simply because it is not the reply which the United States would find most agreeable.

EXTENSION OF REMARKS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks by placing in the RECORD a Lincoln Day speech, and also a radio address.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. VOORHIS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on two different subjects.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a Lincoln Day address delivered by myself.

The SPEAKER. Is there objection?

There was no objection.

Mr. JENKS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein an article which appeared in the February 6 edition of the Boston American, embodying a statement by

Hon. Gov. Francis P. Murphy, of New Hampshire, in the flood-control issue.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITE of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein two letters I have received from two delegates to the small-business men's conference, and also a short 10-point program of the National Businessmen's Association.

The SPEAKER. Is there objection?

There was no objection.

Mr. BINDERUP. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech delivered by Abraham Lincoln on the monetary question.

The SPEAKER. Is there objection?

There was no objection.

WITHDRAWAL OF PAPERS

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent to withdraw from the Committee on Military Affairs certain affidavits relating to the bill H. R. 3068.

The SPEAKER. Will the gentleman state whether or not an adverse report has been filed on the bill by the committee?

Mr. GIFFORD. I do not recall that any report has been filed, but I do not think that any bill of this type, granting an honorable discharge to a soldier, has been reported for 2 or 3 years. These affidavits are lying in the committee, and the petitioner would like to have them withdrawn.

The SPEAKER. The Chair asks the gentleman from Massachusetts to withhold his request until he can determine whether or not an adverse report has been filed by the committee. The Chair will be glad to recognize the gentleman later.

Mr. GIFFORD. Very well, Mr. Speaker.

LEAVE TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. SEGER] be permitted, to address the House for 15 minutes tomorrow, after the conclusion of the legislative calendar and any special orders that have been heretofore made.

The SPEAKER. Is there objection?

There was no objection.

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER. This is District of Columbia day, and the Chair recognizes the gentleman from Maryland [Mr. PALMISANO], chairman of the Committee on the District of Columbia.

EXTENDING COMPENSATION ACT TO CERTAIN PERSONS IN THE DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the bill (H. R. 7834) to amend the act entitled "An act to provide compensation for disability or death resulting from injuries to employees in certain employments in the District of Columbia, and for other purposes", and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Maryland calls up the bill H. R. 7834 and asks unanimous consent that the bill be considered in the House as in Committee of the Whole. The Clerk will report the title of the bill.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to provide compensation for disability or death resulting from injuries to employees in certain employments in the District of Columbia, and for other purposes", approved May 17, 1923, be, and the same is hereby, amended by changing the period at the end of subsection (4) of section 2 thereof into a semicolon and adding the following words immediately thereafter: "and (5) any secretary, stenographer, or other person performing any services in the office of any Member of Congress or under the direction, employment, or at the request of any Member of Congress, within the scope of the duties performed by secretaries, stenographers, or such employees of Members of Congress."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

WASHINGTON COLLEGE OF LAW

Mr. PALMISANO. Mr. Speaker, I call up House Joint Resolution 582, supplementing and amending the act for the incorporation of Washington College of Law, organized under and by virtue of a certificate of incorporation pursuant to class 1, chapter 18, of the Revised Statutes of the United States relating to the District of Columbia, and ask unanimous consent that the joint resolution be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Maryland calls up House Joint Resolution 582, and asks unanimous consent that it be considered in the House as in Committee of the Whole. The Clerk will report the title of the joint resolution.

The Clerk reported the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the certificate of incorporation of Washington College of Law, of Washington, D. C., under chapter 18 of the Code of Laws of the District of Columbia (1929 D. C. Code, title 5, ch. 8) be, and the same is hereby, approved and confirmed, except as herein specifically altered and amended.

Sec. 2. That the management of said corporation shall be vested in a board of trustees consisting of not less than 6 nor more than 11 in number, as determined from time to time by said board of trustees; that Edwin C. Dutton, Mary O'Toole, Bessie Parker Brueggeman, John E. Lasky, Katharine R. Pike, and Harry G. Meem shall act as and constitute the first board of trustees under this act and shall be classified with respect to the time for which they shall severally originally hold office into three equal classes, the first class for the term of 1 year, the second class for the term of 2 years, and the third class for the term of 3 years; the respective original terms of office of any additional trustees shall be such as to equalize said three classes, as far as possible; and the successors to each class of trustees shall severally hold office for the term of 3 years, so that the term of office of one class shall expire annually.

Sec. 3. That the said board of trustees is authorized to (a) make, alter, and repeal bylaws for the management of the said corporation and rules and regulations for the government of the institution and the "schools", faculty, and students thereof; (b) elect as officers of the said corporation a president, a vice president, a treasurer, and a secretary, and such other officers as it may find necessary, for the respective terms and with the respective powers and duties as fixed by the bylaws of the said corporation; (c) remove any trustee when, in its judgment, he shall be found incapable, by age or otherwise, of performing or discharging, or shall neglect or refuse to perform or discharge, the duties of his office; (d) create and establish schools and departments of learning to be connected with and become a part of said institution, and establish such scholastic boards and officers as may be required for academic operation and direction in education; (e) appoint, from time to time, such deans, professors, tutors, and instructors as it may deem necessary, and fix their respective terms, duties, and salaries; and (f) grant and confer degrees.

Sec. 4. The said corporation shall adopt a common seal, under and by which all deeds, diplomas, and acts of the said corporation shall pass and be authenticated, and the same seal at their pleasure to break and alter, or to devise a new one.

Sec. 5. That the income of the said corporation from all sources whatsoever shall be held in the name of Washington College of Law and applied to the maintenance, endowment, promotion, and advancement of the institution, subject to conforming to the express conditions of the donor of any gift, devise, or bequest accepted by the said corporation, with regard to the income therefrom.

Sec. 6. That nothing in this joint resolution contained shall be construed as preventing the Congress from amending, altering, annulling, or repealing the same or any part thereof.

The joint resolution was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

CHIEF INSPECTOR, HEALTH DEPARTMENT

Mr. PALMISANO. Mr. Speaker, I call up the bill (H. R. 9100) limiting the duties of the Chief Clerk and Chief Inspector of the Health Department of the District of Columbia, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Maryland calls up the bill H. R. 9100, and asks unanimous consent that it be

considered in the House as in Committee of the Whole. The Clerk will report the title of the bill.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That hereafter neither the chief clerk nor the chief inspector of the Health Department of the District of Columbia shall act as a deputy to the health officer of said District.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

TAX EXEMPTION FOR SOCIETY OF THE CINCINNATI

Mr. PALMISANO. Mr. Speaker, by direction of the Committee on the District of Columbia I call up the bill (H. R. 9024) to exempt from taxation certain property of the Society of the Cincinnati, a corporation of the District of Columbia; and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

Mr. BOILEAU. Mr. Speaker, reserving the right to object, I wish the gentleman would explain this bill in more detail and explain the nature of this devise, or legacy in the will that is referred to. What is its nature?

Mr. PALMISANO. A public-spirited citizen willed this property to the Society of the Cincinnati with a proviso that it be tax-exempt. I understand there is another provision that should this property be not tax-exempt to this particular society then it will go to another society or legation that has this exemption.

Mrs. JENCKES of Indiana. Mr. Speaker, will the gentleman yield that I may answer the question of the gentleman from Wisconsin?

Mr. PALMISANO. Mr. Speaker, I yield.

Mrs. JENCKES of Indiana. According to the will of Mr. Anderson, this property is to go to the Society of the Cincinnati. The Society of the Cincinnati is the only patriotic organization in which George Washington participated. It was established by him and the officers of the Revolutionary Army. The Society's membership today numbers about 1,100 scattered throughout the United States.

Mr. and Mrs. Larz Anderson in their travels, while he was Ambassador to Japan and later to Belgium, collected a great many art treasures which are now in this house. The treasures go back also to Revolutionary times. If this property is not tax-exempt the Society of the Cincinnati cannot take on the burden. If it does not go to them it will go either to a tax-exempt educational institution outside of the city of Washington or become the property of a foreign embassy or legation which will not contribute to the taxes of the District.

Mr. BOILEAU. I appreciate the fine work the Society of the Cincinnati has done, that it is deserving of our interest and all of that; and I am perfectly willing that their property should be tax-exempt. I have not been able to find the exact provision in the will to which reference is made.

Mrs. JENCKES of Indiana. It is not in the will. I am sorry my colleague was mistaken when he said it was a provision of the will that this should be tax-exempt. The Society of the Cincinnati has brought out the fact that before they can accept the property it will have to be tax-exempt, for they cannot assume that additional burden.

Mr. BOILEAU. If that is the only reason for the statement that this devise should be tax-exempt, I am willing, so far as I am concerned, to let this bill go by; but in reading the report I got the impression that there was a specific provision in the bill directing that this property should be tax-exempt, no matter who purchased it or acquired it; in other words, that there was some provision in the will specifically stating that this property should be tax-exempt. Under such circumstances, I, for one, would not be willing by unanimous consent to let such a bill pass, because I do not believe in that theory.

Mrs. JENCKES of Indiana. That was an error, either a typographical error or an error of understanding. It was not in the will. I think the gentleman from New York [Mr. Fish] will bear me out in that statement.

Mr. BOILEAU. This property was willed to the Society of the Cincinnati.

Mrs. JENCKES of Indiana. This property was willed to the society without specific conditions.

Mr. BOILEAU. But it says that the acceptance of the gift is contingent upon being granted tax exemption.

Mrs. JENCKES of Indiana. The Society of the Cincinnati itself has brought up the contingency. There are only 1,100 members of this society in the United States. The society has no source of revenue. The S. A. R. Building and the D. A. R. Building and property of other patriotic societies in the United States are exempt.

Mr. BOILEAU. But the distinguished lady sent out a letter to Members of Congress—and I am always glad to read any information she sends to Members—in which she made this statement:

Under the terms of the will of Mr. Larz Anderson, this property must be sold to a legation or embassy, or to an institution, whose property is tax-exempt.

Mrs. JENCKES of Indiana. I am sorry that mistake was in the letter.

Mr. BOILEAU. And the letter goes on to state:

So, under no circumstances will the District of Columbia or Federal Government ever receive any taxes from this property.

Mrs. JENCKES of Indiana. The idea back of that letter was that the District of Columbia would not get the taxes, because, according to the terms of Mr. Anderson's will, the property goes either to an educational institution, a patriotic organization, or a legation or embassy. The only other people in Washington who would have any use for it would be a legation or embassy.

Mr. BOILEAU. What was the purpose of the gentleman's statement in her letter to the Members of Congress?—

Under the terms of the will of Mr. Larz Anderson this property must be sold to a legation or embassy, or to an institution, whose property is tax-exempt.

Mrs. JENCKES of Indiana. There was a mistake in that statement.

Mr. BOILEAU. What is the provision in the will?

Mrs. JENCKES of Indiana. The provision in the will is just as I stated in the beginning, the property was left first to the Society of the Cincinnati.

The Society of the Cincinnati brought up the question that it could not meet the taxes. If they refused the deed, then there comes this provision in the will that the property shall be left to an educational institution. All educational institutions are tax exempt every place, not only in the District of Columbia, but in my own town as well, and I think in the gentleman's district. If that fails it would probably be sold to a legation or embassy.

Mr. BOILEAU. Probably or must?

Mrs. JENCKES of Indiana. There is no "must."

Mr. BOILEAU. The lady's letter gave me the wrong impression.

Mrs. JENCKES of Indiana. I am sorry.

Mr. BOILEAU. I want to make my position very clear. I have nothing but the highest regard for the Society of the Cincinnati and for the gentlewoman from Indiana, but I was under the impression from reading the letter, and the report of the committee gave me the same impression, that the will provided it must go to a tax-exempt organization. I would not permit any person under the guise of making a benevolent gift in his will providing that it must go to a tax-exempt organization.

Mrs. JENCKES of Indiana. I will back my colleague in that statement.

Mr. BOILEAU. The lady's assurance is sufficient for me, and I withdraw any objection I may have.

Mr. FISH. Will the gentlewoman yield to me?

Mrs. JENCKES of Indiana. Yes.

Mr. FISH. This bill, if it passes, will permit the Society of the Cincinnati, one of the oldest patriotic societies in America, to have a general headquarters here in Washington. There are very few left in the society and they are the descendants of the officers of the American Revolutionary Army. I am convinced if this bill passes and the Society of the Cincinnati takes over this building, in a very short time it will become one of the greatest patriotic shrines in Washington and in America.

Those of us who happen to be members of the society will give paintings of the officers of the Revolutionary War and other gifts that have to do with the history of our country. It so happens that my grandfather for 50 years was president general of the Society of the Cincinnati. In the last few years I have inherited a vast amount of letters, documents, and books having to do with that society. I have no place to keep them. They do not serve any useful purpose now, as I have to keep them locked up in a safe.

Mr. Speaker, if this bill is passed I will be more than glad, as the executor of that estate, to turn all these letters, books, and historical documents, and everything else that has to do with the Society of the Cincinnati over to the national headquarters of the society when established at the Anderson house. I believe in a short time it will be opened to the public. Is that right?

Mrs. JENCKES of Indiana. It will be a public museum.

Mr. FISH. It will be a public museum, and in a very short time it will become one of the greatest patriotic shrines in our country. I therefore hope the bill will be passed without opposition.

The SPEAKER. The Chair feels there may be some misunderstanding about the matter now pending. The gentleman from Maryland [Mr. PALMISANO] asks unanimous consent that this bill may be considered in the House as in Committee of the Whole. Is there objection to the request?

Mr. HOOK. Mr. Speaker, reserving the right to object, in order to ask one question. Is there anything that would prevent this or any other society or person that may obtain title to this property from using it for commercial purposes if they are tax exempt?

Mr. PALMISANO. There are no charges to be made and once the property goes back to private business naturally it would be taxed. This is not an exemption of the property. It is only an exemption of this society as long as it operates the property as a museum.

Mr. HOOK. As long as it is not used for commercial purposes.

The SPEAKER. Is there objection to the request of the gentleman from Maryland [Mr. PALMISANO]?

Mr. GIFFORD. Mr. Speaker, reserving the right to object, may I ask, is this a corporation and will the property be owned by individual shareholders?

Mrs. JENCKES of Indiana. This is an organization just the same as the S. A. R. and the D. A. R. It is a patriotic group of citizens who are preserving the legends of our country.

Mr. GIFFORD. The report indicates very little. If the property was sold or should later be gotten rid of, would any shareholder profit by the ownership?

Mrs. JENCKES of Indiana. I would say "no." It is a corporation, but there is no capital stock.

Mr. GIFFORD. There is nothing in the report that shows under what conditions the gift was made.

Mr. PALMISANO. May I read the bill?

Mr. GIFFORD. I have read it.

Mrs. ROGERS of Massachusetts. I am sure that the Society of the Cincinnati will always keep it in their possession. The membership descends from generation to generation. My husband was a member of the Society of the Cincinnati and I know that society would never let it go. The members all feel that membership is a very precious inheritance. It would always be kept as a shrine, as was the intent of Mr. Larz Anderson.

Mr. GIFFORD. Of course, I have read the report.

Mr. PALMISANO. I do not know whether the gentleman read the bill or not.

Mr. GIFFORD. I was asked to offer an amendment to the bill to include a similar organization; that is, an organization that has for its object similar purposes. I realize it would probably not be germane, but I did promise to find out exactly whether or not in the final disposition of this property any shareholder might profit thereby. The report of the committee does not contain this information.

Mr. PALMISANO. I may say that the last paragraph of the bill reads as follows:

Which museum shall be accessible to the public at such reasonable hours and under such regulations as may, from time to time, be prescribed by said society, and subject to the further proviso that if any part of said property is sold, then the exemption as to said part and said part only shall determine, and if any part of said property is leased, then the exemption shall cease for so long and so long only as said part is so leased.

Mr. GIFFORD. Exactly. That implies that sometime the exemption might be taken away because someone did profit by it. A delicate question is involved here. Some others are watching this bill. I have asked the gentleman, if they find they cannot support that otherwise, cannot a fee be charged for entrance? It is not contemplated, but would the exemption then be taken away, or if a dining room were installed or some kind of a cafeteria were put into operation, or the slightest business carried on?

Mr. PALMISANO. It would seem to me that particular phase of it would be taxed.

Mr. GIFFORD. It would seem so, but the bill does not so state.

Mr. PALMISANO. The part of the bill I just read so states.

Mr. GIFFORD. The bill and this brief report have caused several others to believe they ought to be included. I want to bring out in this short debate why they cannot be included, and this is the reason for my query.

Mr. PALMISANO. I believe whenever a bill is introduced in behalf of a particular organization, the particular question involved ought to be considered separately. I do not believe it ought to be included in this bill.

Mr. GIFFORD. The fact that exemptions may be taken away implies that they could do certain things for which they would suffer that penalty, so it seem to me there is something back of it somewhere by which somebody might be profited, and might use the property, by suffering the taking away of the exemption later, for carrying on some sort of business.

Mr. PALMISANO. That would be up to the society. If they attempted to commercialize the proposition, then they would suffer such a penalty.

The SPEAKER. Is there objection to the request of the gentleman from Maryland that the bill be considered in the House as in Committee of the Whole?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That title 20 of the Code of the District of Columbia (to March 4, 1921) be amended by adding to such title a paragraph numbered () as follows:

"The property situated in square No. 67, in the city of Washington, D. C., described as lot No. 42, as per plat recorded in the office of the surveyor for the District of Columbia in liber 27 at folio 135; lot No. 43, as per plat recorded in said surveyor's office in liber 28 at folio 25; lot No. 49, as per plat recorded in said surveyor's office in liber 40 at folio 15; and part of original lot No. 5 described as follows: Beginning for the same at the northeast corner of said lot and running thence west along the south line of a public alley 30 feet wide 47.17 feet to the east line of another public alley, 30 feet wide; thence south along the east line of said alley 74 feet; thence east 47.17 feet to the west line of a public alley, 15 feet wide; thence north along the west line of said alley 74 feet to the place of beginning, occupied by the Society of the Cincinnati, a corporation of the District of Columbia, with all the buildings and improvements thereon, and the contents thereof are hereby exempt from all taxes so long as the same is so occupied and used, subject to the provisions of section 712 of this title, providing for the exemption of church and school property, subject to the proviso that said society shall maintain therein a national museum for the custody and preservation of historical documents, relics, and archives, especially those pertaining to the American Revolution, which museum shall be accessible to the public at such reasonable hours and under such regulations as may, from time to time, be prescribed by said society; and subject to the further proviso that if any part of said property is sold, then the exemption as to said

part and said part only shall determine and if any part of said property is leased then the exemption shall cease for so long and so long only as said part is so leased. This exemption to become effective on the date of the passage of this act."

Mr. DIRKSEN. Mr. Speaker, I move to strike out the last word, and ask unanimous consent to proceed out of order.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, since this matter of tax exemption has come up, may I call attention to a kindred matter.

I desire to address myself particularly to those Members of Congress who come from the great land-locked empire of the Central West and to point out to them the importance of a bill that was introduced by Representative Ford of California, the companion bill to another measure which is now being urged by a member of another body and on which hearings are being held. The Ford bill bears the number H. R. 8547 and provides for an amendment to the Panama Canal Act to the effect that "no tolls shall be levied upon vessels engaged in the intercoastal trade of the United States." Perhaps this measure has escaped your attention and if so, you should at once give the matter some real thought because its implications are far-reaching and of tremendous import to the people, the industries, and the shippers of the inland empire.

I was under the impression that the Panama Canal belonged to all of the people of the United States and not merely to those who reside along the balmy shores of the Pacific or the rugged coasts of the Atlantic but perhaps this is a mere delusion. I was of the opinion that the \$400,000,000 which went into the construction of the Panama Canal was coaxed from the pockets of all the people of the United States in the form of public revenues and not merely from Hollywoodians of California or the paved-street dwellers of the Atlantic seaboard, but perhaps this is an hallucination. It occurs to me that the \$106,000,000 interest charge occasioned by the building of the Panama Canal fell with equal burden upon all the people of the United States and not merely upon the residents of the sun-kissed slopes of the Pacific or the rock-bound reaches of the Atlantic, but perhaps this too is a mere fancy. I have been of the opinion that the \$195,105,000 maintenance cost of the Panama Canal from 1914 to 1937 was paid from revenues that had been gathered by assiduous Federal tax collectors from all of the citizens of this country instead of the favored few within the shadow of the Pacific or within the sound of the Atlantic's wild roar but perhaps this is just a whimsy of mine.

Perhaps I am mistaken. Perhaps I have been mistaken since that day when the burly Theodore Shontz and the mild-mannered Surg. Gen. William Crawford Gorgas and the capable Col. George W. Goethals made history in the swamps of Panama. I even cherished the singular idea that the people of such States as Illinois, who pay more Federal taxes into the coffers of Uncle Sam than a great many of these coastal States combined, uncomplainingly paid a greater proportionate share of the cost and maintenance of the Panama Canal than the States which now receive the benefits, but perhaps that, too, is an idle caprice of mine.

Apparently this Canal belongs to the people who live in the sunny clime of the Golden Bear State and among the fragrant apple blossoms of Oregon and Washington. Apparently it belongs to the rugged individualists of New England and the good-natured folks of the South Atlantic, for here is a bill which, if adopted, will remove the 90-cents per ton toll on laden vessels and the 72-cents per ton toll on vessels in ballast and make free to their commerce a canal that was paid for in large part by all of the people, the industries, the shippers, and the large and small merchants of that great block of inland States that constitute the very heart of this country.

What an achievement for the sponsor of this bill if it should ever be adopted. He can justly proclaim that, single-handed, he accomplished that which all the navies of all

the nations of the earth could not accomplish—the capture of the Panama Canal for the industries and shippers of the Atlantic and Pacific seaboard. This feat should constitute laurels enough for a lifetime.

But where does it leave the Central West, the people of the Great Plains States and the Mississippi Valley who must depend on rail transportation which is at a terrible disadvantage with water-borne commerce through the Panama Canal because of artificial restrictions imposed upon rail carriers by the Interstate Commerce Commission? How could the inland shippers and factories ever compete with their more favored competitors on the Pacific and Atlantic seaboard? If this bill were ever enacted, the markets for the inland producers would be shrunk overnight. It would mean the transposition of industries from the land-locked Middle West to locations in the East and West where these free canal facilities would be available. It would mean the gradual disemployment of many Midwestern workers and an aggravation of the already acute unemployment problem. It would mean a gradual recession in property and land values in many inland States. It would mean that the very canal which became a reality because the people of the inland States were generously taxed to make it a reality would be used to destroy their markets, their jobs, and their property values. What an accomplishment that would be for one man. Hercules could have done no better.

I warn you Members from the Central States that this innocuous five-line bill is no idle threat. Hearings have been in progress in the other body. It is being pushed with vigor and enthusiasm. In a moment when alertness has succumbed to apathy, we may find it reposing in the Committee on Merchant Marine and Fisheries of the House, already approved by another body. The time to investigate the tremendous effect that this measure would have upon the inland area of the United States and its people is now, and once you have examined it you will need no urging from me to persuade you of its catastrophic effects upon the millions in the Central West who were taxed to build the canal.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. PALMISANO. Mr. Speaker, this completes the business of the Committee on the District of Columbia.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a bill I am introducing today, together with statements, excerpts, and speeches made by the President of the United States and others.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MANSFIELD, Mr. SCHULTE, and Mr. STACK asked and were given permission to extend their own remarks in the RECORD.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I made this morning, and to include therein a short editorial from the Springfield Republican, of Springfield, Mass.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDMENT OF THE FEDERAL TRADE COMMISSION ACT

Mr. LEEA. Mr. Speaker, I call up the conference report on the bill (S. 1077) to amend the act creating the Federal Trade Commission, to define its powers and duties, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the conference report.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1077) to amend the act creating the Federal Trade Commission, to define its powers and duties, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the House, insert the following:

"That section 1 of the Act entitled 'An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes,' approved September 26, 1914, as amended (U. S. C., 1934 ed., title 15, sec. 41), is hereby amended by inserting before the period at the end of the third sentence thereof a colon and the following: 'Provided, however, That upon the expiration of his term of office a Commissioner shall continue to serve until his successor shall have been appointed and shall have qualified.'

"Sec. 2. Section 4 of such Act, as amended (U. S. C., 1934 ed., title 15, sec. 44), is hereby amended to read as follows:

"Sec. 4. The words, defined in this section shall have the following meaning when found in this Act, to wit:

"'Commerce' means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation, or between the District of Columbia and any State or Territory or foreign nation.

"'Corporation' shall be deemed to include any company, trust, so-called Massachusetts trust, or association, incorporated or unincorporated, which is organized to carry on business for its own profit or that of its members, and has shares of capital or capital stock or certificates of interest, and any company, trust, so-called Massachusetts trust, or association, incorporated or unincorporated, without shares of capital or capital stock or certificates of interest, except partnerships, which is organized to carry on business for its own profit or that of its members.

"'Documentary evidence' includes all documents, papers, correspondence, books of account, and financial and corporate records.

"'Acts to regulate commerce' means the Act entitled 'An Act to regulate commerce', approved February 14, 1887, and all Acts amendatory thereof and supplementary thereto and the Communications Act of 1934 and all Acts amendatory thereof and supplementary thereto.

"'Antitrust Acts' means the Act entitled 'An act to protect trade and commerce against unlawful restraints and monopolies', approved July 2, 1890; also sections 73 to 77, inclusive, of an Act entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes', approved August 27, 1894; also the Act entitled 'An Act to amend sections 73 and 76 of the Act of August 27, 1894, entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes'', approved February 12, 1913; and also the Act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1914.'

"Sec. 3. Section 5 of such Act, as amended (U. S. C., 1934 ed., title 15, sec. 45), is hereby amended to read as follows:

"Sec. 5. (a) Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are hereby declared unlawful.

"The Commission is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, common carriers subject to the Acts to regulate commerce, and persons, partnerships, or corporations subject to the Packers and Stockyards Act, 1921, except as provided in section 406 (b) of said Act, from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce.

"(b) Whenever the Commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition or unfair or deceptive act or practice in commerce, and if it shall appear to the Commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating its charges in that respect and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the Commission to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the Commission. If upon such hearing the Commission shall be of the opinion that the method of competition or the act or practice in question is prohibited by this Act, it shall make a report in writing in which it shall state its findings as to the facts and shall issue and cause to be served on such person, partnership, or corporation an order requiring such person, partnership, or

corporation to cease and desist from using such method of competition or such act or practice. Until the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, or, if a petition for review has been filed within such time then until the transcript of the record in the proceeding has been filed in a circuit court of appeals of the United States, as hereinafter provided, the Commission may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section. After the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, the Commission may at any time, after notice and opportunity for hearing, reopen and alter, modify, or set aside, in whole or in part, any report or order made or issued by it under this section, whenever in the opinion of the Commission conditions of fact or of law have so changed as to require such action or if the public interest shall so require: *Provided, however,* That the said person, partnership, or corporation may, within sixty days after service upon him or it of said report or order entered after such a reopening, obtain a review thereof in the appropriate circuit court of appeals of the United States, in the manner provided in subsection (c) of this section.

"(c) Any person, partnership, or corporation required by an order of the Commission to cease and desist from using any method of competition or act or practice may obtain a review of such order in the circuit court of appeals of the United States, within any circuit where the method of competition or the act or practice in question was used or where such person, partnership, or corporation resides or carries on business, by filing in the court, within sixty days from the date of the service of such order, a written petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission forthwith shall certify and file in the court a transcript of the entire record in the proceeding, including all the evidence taken and the report and order of the Commission. Upon such filing of the petition and transcript the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, evidence, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the Commission, and enforcing the same to the extent that such order is affirmed, and to issue such writs as are ancillary to its jurisdiction or are necessary in its judgment to prevent injury to the public or to competitors pendente lite. The findings of the Commission as to the facts, if supported by evidence, shall be conclusive. To the extent that the order of the Commission is affirmed, the court shall thereupon issue its own order commanding obedience to the terms of such order of the Commission. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 240 of the Judicial Code.

"(d) The jurisdiction of the circuit court of appeals of the United States to affirm, enforce, modify, or set aside orders of the Commission shall be exclusive.

"(e) Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the Commission or judgment of court to enforce the same shall in anywise relieve or absolve any person, partnership, or corporation from any liability under the Antitrust Acts.

"(f) Complaints, orders, and other processes of the Commission under this section may be served by anyone duly authorized by the Commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the residence or the principal office or place of business of such person, partnership, or corporation; or (c) by registering and mailing a copy thereof addressed to such person, partnership, or corporation at his or its residence or principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of the service of the same.

"(g) An order of the Commission to cease and desist shall become final—

"(1) Upon the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time; but the commission may thereafter modify or set aside its order to the extent provided in the last sentence of subsection (b); or

"(2) Upon the expiration of the time allowed for filing a petition for certiorari, if the order of the Commission has been affirmed or the petition for review dismissed by the circuit court of appeals, and no petition for certiorari has been duly filed; or

"(3) Upon the denial of a petition for certiorari, if the order of the Commission has been affirmed or the petition for review dismissed by the circuit court of appeals; or

"(4) Upon the expiration of thirty days from the date of issuance of the mandate of the Supreme Court, if such Court directs that the order of the Commission be affirmed or the petition for review dismissed.

"(h) If the Supreme Court directs that the order of the Commission be modified or set aside, the order of the Commission rendered in accordance with the mandate of the Supreme Court shall become final upon the expiration of thirty days from the time it was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected to accord with the mandate, in which event the order of the Commission shall become final when so corrected.

"(i) If the order of the Commission is modified or set aside by the circuit court of appeals, and if (1) the time allowed for filing a petition for certiorari has expired and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered in accordance with the mandate of the circuit court of appeals shall become final on the expiration of thirty days from the time such order of the Commission was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected so that it will accord with the mandate, in which event the order of the Commission shall become final when so corrected.

"(j) If the Supreme Court orders a rehearing; or if the case is remanded by the circuit court of appeals to the Commission for a rehearing, and if (1) the time allowed for filing a petition for certiorari has expired, and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered upon such rehearing shall become final in the same manner as though no prior order of the Commission had been rendered.

"(k) As used in this section the term "mandate", in case a mandate has been recalled prior to the expiration of thirty days from the date of issuance thereof, means the final mandate.

"(l) Any person, partnership, or corporation who violates an order of the Commission to cease and desist after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of not more than \$5,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the United States."

"Sec. 4. Such Act is further amended by adding at the end thereof new sections to read as follows:

"Sec. 12. (a) It shall be unlawful for any person, partnership, or corporation to disseminate, or cause to be disseminated, any false advertisement—

"(1) By United States mails, or in commerce by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of food, drugs, devices, or cosmetics; or

"(2) By any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase in commerce of food, drugs, devices, or cosmetics.

"(b) The dissemination or the causing to be disseminated of any false advertisement within the provisions of subsection (a) of this section shall be an unfair or deceptive act or practice in commerce within the meaning of section 5.

"Sec. 13. (a) Whenever the Commission has reason to believe—

"(1) that any person, partnership, or corporation is engaged in, or is about to engage in, the dissemination or the causing of the dissemination of any advertisement in violation of section 12, and

"(2) that the enjoining thereof pending the issuance of a complaint by the Commission under section 5, and until such complaint is dismissed by the Commission or set aside by the court on review, or the order of the Commission to cease and desist made thereon has become final within the meaning of section 5, would be to the interest of the public,

the Commission by any of its attorneys designated by it for such purpose may bring suit in a district court of the United States or in the United States court of any Territory, to enjoin the dissemination or the causing of the dissemination of such advertisement. Upon proper showing a temporary injunction or restraining order shall be granted without bond. Any such suit shall be brought in the district in which such person, partnership, or corporation resides or transacts business.

"(b) Whenever it appears to the satisfaction of the court in the case of a newspaper, magazine, periodical, or other publication, published at regular intervals—

"(1) that restraining the dissemination of a false advertisement in any particular issue of such publication would delay the delivery of such issue after the regular time therefor, and

"(2) that such delay would be due to the method by which the manufacture and distribution of such publication is customarily conducted by the publisher in accordance with sound business practice, and not to any method or device adopted for the evasion of this section or to prevent or delay the issuance of an injunction or restraining order with respect to such false advertisement or any other advertisement,

the court shall exclude such issue from the operation of the restraining order or injunction.

"Sec. 14. (a) Any person, partnership, or corporation who violates any provision of section 12 (a) shall, if the use of the commodity advertised may be injurious to health because of results from such use under the conditions prescribed in the advertisement thereof, or under such conditions as are customary or usual, or if such violation is with intent to defraud or mislead, be guilty of a misdemeanor, and upon conviction shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than six months, or by both such fine and imprisonment; except that if the conviction is for a violation committed after a first conviction of such person, partnership, or corporation, for any violation of such section, punishment shall be by a fine of not more than \$10,000 or by imprisonment for not more than one year, or by both such fine and imprisonment: *Provided*, That for the purposes of this section meats and meat food products duly inspected, marked, and labeled in accordance with rules and regulations issued under the Meat Inspection Act approved March 4, 1907, as amended, shall be conclusively presumed not injurious to health at the time the same leave official "establishments."

"(b) No publisher, radio-broadcast licensee, or agency or medium for the dissemination of advertising, except the manufacturer, packer, distributor, or seller of the commodity to which the false advertisement relates, shall be liable under this section by reason of the dissemination by him of any false advertisement, unless he has refused, on the request of the Commission, to furnish the Commission the name and post-office address of the manufacturer, packer, distributor, seller, or advertising agency, residing in the United States, who caused him to disseminate such advertisement. No advertising agency shall be liable under this section by reason of the causing by it of the dissemination of any false advertisement, unless it has refused, on the request of the Commission, to furnish the Commission the name and post-office address of the manufacturer, packer, distributor, or seller, residing in the United States, who caused it to cause the dissemination of such advertisement.

"Sec. 15. For the purposes of sections 12, 13, and 14—

"(a) The term "false advertisement" means an advertisement, other than labeling, which is misleading in a material respect; and in determining whether any advertisement is misleading, there shall be taken into account (among other things) not only representations made or suggested by statement, word, design, device, sound, or any combination thereof, but also the extent to which the advertisement fails to reveal facts material in the light of such representations or material with respect to consequences which may result from the use of the commodity to which the advertisement relates under the conditions prescribed in said advertisement, or under such conditions as are customary or usual. No advertisement of a drug shall be deemed to be false if it is disseminated only to members of the medical profession, contains no false representation of a material fact, and includes, or is accompanied in each instance by truthful disclosure of, the formula showing quantitatively each ingredient of such drug.

"(b) The term "food" means (1) articles used for food or drink for man or other animals, (2) chewing gum, and (3) articles used for components of any such article.

"(c) The term "drug" means (1) articles recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them; and (2) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; and (3) articles (other than food) intended to affect the structure or any function of the body of man or other animals; and (4) articles intended for use as a component of any article specified in clause (1), (2), or (3); but does not include devices or their components, parts, or accessories.

"(d) The term "device" (except when used in subsection (a) of this section) means instruments, apparatus, and contrivances, including their parts and accessories, intended (1) for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; or (2) to affect the structure or any function of the body of man or other animals.

"(e) The term "cosmetic" means (1) articles to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof intended for cleansing, beautifying, promoting attractiveness, or altering the appearance, and (2) articles intended for use as a component of any such article; except that such term shall not include soap.

"Sec. 16. Whenever the Federal Trade Commission has reason to believe that any person, partnership, or corporation is liable to a penalty under section 14 or under subsection (l) of section 5, it shall certify the facts to the Attorney General, whose duty it shall be to cause appropriate proceedings to be brought for the enforcement of the provisions of such section or subsection.

"Sec. 17. If any provision of this Act, or the application thereof to any person, partnership, corporation, or circumstance, is held invalid, the remainder of the Act and the application of such provision to any other person, partnership, corporation, or circumstance, shall not be affected thereby.

"Sec. 18. This Act may be cited as the "Federal Trade Commission Act."

"Sec. 5. (a) In case of an order by the Federal Trade Commission to cease and desist, served on or before the date of the enactment of this Act, the sixty-day period referred to in section 5 (c) of the Federal Trade Commission Act, as amended by this Act, shall begin on the date of the enactment of this Act.

"(b) Section 14 of the Federal Trade Commission Act, added to such Act by section 4 of this Act, shall take effect on the expiration of sixty days after the date of the enactment of this Act."

And the House agree to the same.

CLARENCE F. LEA,
VIRGIL CHAPMAN,
HERRON PEARSON,
CHAS. A. WOLVERTON,
CARROLL REECE,

Managers on the part of the House.

BURTON K. WHEELER,
ROBERT F. WAGNER,
JAMES J. DAVIS,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the Houses on the bill (S. 1077) to amend the act creating the Federal Trade Commission, to define its powers and duties, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The conference agreement retains all of the provisions of the House amendment with certain minor exceptions, which will be explained hereafter, and in addition has retained the provisions of sections 1, 5, and 6 of the Senate bill.

Section 1 of the Senate bill contained several amendments to section 4 of the present Federal Trade Commission Act. Said amendments dealt solely with definitions, including "commerce", "corporation", "documentary evidence", "acts to regulate commerce", and "antitrust acts." No comparable provisions were contained in the House amendment. The conference agreement retains these provisions of the Senate bill.

Section 5 of the Senate bill contained an amendment to section 1 of the present Federal Trade Commission Act providing "That upon the expiration of his term of office a Commissioner shall continue to serve until his successor shall have been appointed and shall have qualified." No comparable provision was contained in the House amendment. The conference agreement retains this provision of the Senate bill.

Section 6 of the Senate bill contained the usual separability clause that if any part of the act or the application thereof to any person or circumstance be held invalid the remainder of the act and the application of such part to other persons or circumstances shall not be affected thereby. An identical provision was contained in the new section 17 of the Federal Trade Commission Act in section 2 of the House amendment. The conference agreement eliminates this provision in the Senate bill and retains it in the House amendment.

Section 2 of the Senate bill was the same in substance as section 1 of the House amendment with respect to declaring unlawful "unfair or deceptive acts or practices in commerce." Section 2 of the Senate bill also provided that cease and desist orders of the Commission should become final within 60 days after issuance against any person not seeking court review of such orders within that period. The House amendment to the same effect is more definite and certain and is similar to that found in the Revenue Act of 1926, fixing the time when orders of the Board of Tax Appeals become final. Section 2 of the Senate bill also provided a civil penalty of \$500 for each failure to obey the Commission's cease and desist order after the same became final and conclusive and while the same was in effect, with a further penalty of \$25 for each day such violation continued. The House amendment provided a civil penalty of not more than \$5,000 for each such violation of the Commission's cease-and-desist orders. The conference agreement adopts section 1 of the House amendment.

Section 2 of the House amendment contained provisions dealing with the false advertisement of food, drugs, devices, and cosmetics. This section added new sections 12 to 18, inclusive, to the present Federal Trade Commission Act. There were no similar provisions in the Senate bill. Section 4 of the conference report retains the provisions of the House amendment, with certain modifications. The new section 14 (a), as added by the House amendment, provided penalties for the violation of the new section 12 if the use of the commodity advertised may be injurious to health because of results from such use. The conference agreement provides penalties for the violation of the new section 12 (a), instead of the new section 12. This is not a change in substance, but to make the reference more accurate. The conference agreement restricts the penalties under this section to those cases where the injury may result from the use of the commodity "under the conditions prescribed in the advertisement thereof or under such conditions as are customary or usual." These words clearly include cases where injury may result from the use of the commodity as recommended in the advertisement or where it is used under customary or usual conditions. The section does not contemplate penalization in those cases where the use is not as recommended and is not under usual or customary conditions. It is not intended to extend to cases where there might be injurious results merely because of reactions of consumers due to their peculiar idiosyncrasies or allergic conditions. A similar modifying provision containing the same subject matter is added by the conference agreement to the definition of false advertisement in the new section 15 (a) as approved by the House.

The new section 14 (a), in section 2 of the House amendment, exempted from its provisions products duly marked and labeled in

accordance with rules and regulations issued under the Meat Inspection Act, as amended. The conference agreement eliminates such exempting language and substitutes in lieu thereof a provision that for the purposes of this section meats and meat-food products duly inspected, marked, and labeled in accordance with rules and regulations issued under the Meat Inspection Act shall be conclusively presumed not injurious to health at the time the same leave official "establishments."

The new section 15 (a), in section 2 of the House amendment, relating to the definition of the term "false advertisement," contained a provision that if, at the time of the dissemination of an advertisement, there existed a substantial difference of opinion among experts as to the truth of a representation, the advertisement should not be considered misleading on account of such representation if it stated clearly and prominently the fact of such difference of opinion. There was no similar provision in the Senate bill. After consideration in conference the House conferees concluded that this language was unnecessary for the purposes of the legislation, and the conference agreement eliminates this provision from the House amendment.

The new section 15 (e), in section 2 of the House amendment, defined the term "cosmetic" as meaning "(1) articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof for cleansing, beautifying, promoting attractiveness, or altering the appearance," etc. The conference agreement strikes out the word "intended" after the word "articles" in this definition and inserts said word after the word "thereof."

CLARENCE F. LEA,
VIRGIL CHAPMAN,
HERRON PEARSON,
CHAS. A. WOLVERTON,
CARROLL REECE,

Managers on the part of the House.

The conference report was agreed to.

EXTENSION OF REMARKS

Mr. ROGERS of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including two letters I have written to my constituents.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. O'NEILL of New Jersey. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from New York [Mr. BARRY] may be permitted to extend his own remarks in the RECORD and include therein a copy of a radio address, Lincoln—An Analysis, by William D. Bosler.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

OBLIGATIONS OF THE RECONSTRUCTION FINANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent for the present consideration of the bill, H. R. 9379, to authorize the Secretary of the Treasury to cancel obligations of the Reconstruction Finance Corporation incurred in supplying funds for relief at the authorization or direction of Congress, and for other purposes.

The Clerk read the title of the bill.

Mr. SNELL. Reserving the right to object, Mr. Speaker, it seems to me this is a rather far-reaching bill. I did not know the bill was coming up today. I have reserved the right to object in order that I may consult with a member of the committee, the gentleman from Michigan [Mr. Wolcott] regarding this matter.

Mr. GIFFORD. Reserving the right to object, Mr. Speaker, we could hardly hear the title of the bill as read. As I understand, this is a bill giving the Treasury the power to appropriate at any time to keep the capital stock of the Corporation—

Mr. STEAGALL. No. This bill provides for the transfer to the Treasury of accounts of the Reconstruction Finance Corporation insofar as they represent contributions by the Corporation to the capital stock of other corporations and contributions to relief measures, which stand in a category separate and apart from the ordinary business transactions of the Reconstruction Finance Corporation. This is purely a bookkeeping proposition, I am sure the gentleman will agree.

Mr. GIFFORD. Will the gentleman grant us a reasonable length of time to discuss the bill?

Mr. SNELL. Reserving the right to object, Mr. Speaker, it seems to me this bill is important enough that we should

have a little notice in advance of bringing it up for consideration. There are several Members on this side who want time to discuss the bill. I believe it would be better if the gentleman would withdraw his request for the present and bring the bill up at another time. We will not object to the gentleman's bringing it up at some time in the future, if he will tell us when he expects to do so. We should like to have a little notice before the bill is brought up. This is a far-reaching bill, and it is important enough that it should not be sprung on us without our knowing anything about it.

Mr. STEAGALL. I may say to the gentleman that if he will consult the minority members of the Banking and Currency Committee they will all substantiate the statement I have made, and I am sure the gentleman from Massachusetts [Mr. GIFFORD] will now agree that this is only a bookkeeping transaction between the Treasury and the Reconstruction Finance Corporation to which no one in the world would object.

Mr. SNELL. I think that statement is probably correct, but I understand from the members of the committee they did not know the matter was going to be brought up at this time.

Mr. STEAGALL. I tried to get word to every member of the committee this morning.

Mr. SNELL. I appreciate that, but it was not expected to be called up, and I think the gentleman should give a day's notice, and then we shall not object.

Mr. RAYBURN. Mr. Speaker, if the gentleman will permit, I may say to the gentleman from Alabama that if the request I am going to make is granted, to have the call of committees tomorrow instead of waiting until Wednesday—and I may say I have discussed this with the minority leader—we will call only one committee tomorrow, in my opinion. This may not take all of the day, and perhaps it will be agreeable to the Speaker to recognize the gentleman from Alabama tomorrow, and if it were also agreeable to the gentleman from New York, we could probably consider the measure tomorrow.

Mr. STEAGALL. That would be entirely satisfactory.

Mr. SNELL. I think that would be better.

Mr. STEAGALL. Let me suggest to the gentleman from New York that we have two bills and, perhaps, we may pass this first bill, about which there certainly cannot be any controversy, and let the other bill be taken up tomorrow, with the understanding that gentlemen will have opportunity to discuss it.

Mr. GIFFORD. Mr. Speaker, further reserving the right to object, I want at least 8 minutes on this bill.

Mr. STEAGALL. I have not the slightest objection to the gentleman having the time and would be pleased for him to have it.

The SPEAKER. Does the gentleman from Alabama withdraw his request?

Mr. SNELL. Mr. Speaker, I wish the gentleman from Alabama would let both bills go over until tomorrow.

Mr. STEAGALL. Very well. I withdraw the request, Mr. Speaker.

CALENDAR WEDNESDAY BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that business in order on Wednesday of this week may be in order to be considered on tomorrow, Tuesday.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, it is my understanding that because of the conversation which we have had, it is the intention of the gentleman from Alabama [Mr. STEAGALL] to bring up the two banking bills which have been referred to here on tomorrow?

Mr. RAYBURN. We intend to call only one committee tomorrow, and it is hoped they will get through in time so that we may take up these matters.

Mr. WOLCOTT. The Banking and Currency Committee will be called out of order?

Mr. RAYBURN. The Speaker can recognize the gentleman from Alabama, as he did today, to submit the unanimous-consent request.

Mr. WOLCOTT. And we will be given an opportunity to debate these bills tomorrow?

Mr. RAYBURN. Yes.

Mr. WOLCOTT. And we will not be confined to the rules that usually prevail on Calendar Wednesday as to bills on the calendar?

Mr. RAYBURN. No; it will be a matter of unanimous consent and the bills will be considered under the rules of the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEAVE OF ABSENCE

Mr. NICHOLS. Mr. Speaker, I rise to advise the House that our colleague the gentleman from Minnesota, Mr. RYAN, has lost his wife, and by reason of her death I ask unanimous consent that the gentleman from Minnesota may have leave of absence from the House for 1 week.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, if I may ask the gentleman from Texas a further question, as I understand, if we have Calendar Wednesday business tomorrow, there will not be any private bills called up tomorrow?

Mr. RAYBURN. No.

Mr. BACON. Mr. Speaker, will the gentleman from Texas yield?

Mr. RAYBURN. Yes.

Mr. BACON. Is it the intention to take up the relief bill on Wednesday?

Mr. RAYBURN. That is correct.

EXTENSION OF REMARKS

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record on the subject of peace and to include therein excerpts from a speech by Abraham Lincoln made when he was a Member of this House.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. The Chair cannot recognize the gentleman from Pennsylvania for that purpose, as there are three special orders for today.

Mr. RICH. Mr. Speaker, I was under the impression the House was about ready to adjourn, and I did not know of the special orders.

I ask unanimous consent, Mr. Speaker, that I may proceed for 10 minutes following the special orders for today.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. Under the special order of the House heretofore made, the gentleman from Indiana [Mr. GRAY] is recognized for 20 minutes.

THE CAUSE OF THE 1937 DEPRESSION AND THE REMEDY

Mr. GRAY of Indiana. Mr. Speaker, the failure to realize the power of money in industry has resulted from money being considered as an agency separate and apart from our economic or industrial system, and its vital and intimate relations in the conduct and working operations of our organized system of industry.

MONEY A VITAL PART OF INDUSTRY

Money is as vital in our industrial system as production, distribution, or consumption. Money was developed along with industry, and the movements and operations of money cannot be considered, analyzed, or explained separate and apart from industrial operations any more than the engine or the motor can be considered separate and apart from the automobile.

Our organized industrial system has been built upon, or founded upon, the facilities and agencies of money serving as a means or measure of a value, and for the exchange of

services and the products of labor, and any disturbance of the money functions of industry will shake or disrupt the whole industrial structure.

If our currency agencies and facilities upon which the industrial system was built is left exposed to the private money profiteers for selfish profit, gain, and advantage, the industrial building will be undermined like the house built upon the sands when the winds come and the rains descend.

It was the invention of money that made modern industry possible, and without the use of money for exchange there could have been no progress in industry. Men would have remained in the caves, advancing no further than the Stone Age, rising little above natural impulse or instinct and the common level of animal life.

It was money that has enabled men to exchange their services and what they produced for other services and what others produced, to specialize in one certain line of industry, and thereby to produce more and better of all the comforts and conveniences of life, enabling them to enjoy the services and products of other men, as well as of their own skill and labor.

We could do away with the railroads, with the telegraph, telephone, and mail service, we could junk the automatic machine in every factory, do away with gas, steam, and electric motor power and return men back to work by hand, and industry would survive the ordeal, and production and consumption would go on. But do away with money, the means of exchange, in all its forms and functions, and the social and industrial order, and all modern industry will perish. And men will be driven back to live again in the caverns and caves of the earth, each left to produce as a jack of all trades and a master of none, and all to return to crude and primitive life.

Money is the means of maintaining an even balance between industrial production and consumption, and alone facilitates and makes possible the distribution of consumable goods for use and without such industrial balance or equilibrium the wheels would clog on their bearings and the whirling shafts and pulleys of machines would falter, slow down, and stand still.

Too much money in circulation makes a boom in business, too little money in circulation makes an industrial panic or depression, and a total want or failure of money would not only retard and slow down industry, but would destroy all industrial enterprise.

INCOME FOLLOWS UP WITH THE MONEY SUPPLY

While volumes would be required to explain and verify the operations of economic laws which enter into the particular causes bringing on the 1937 depression, many of which I have already considered in my former remarks here, I must at this time be content to emphasize one only for the purpose of making this explanation.

It is an infallible and immutable law of monetary movements and economic operations, and recognized as certain and positive in science, that commodity values and the general price level follows the volume and relative supply of money, rising as the relative money supply rises or increases and falling as such relative supply decreases or falls.

THE LAW OF ATTRACTION AND GRAVITATION

Under this monetary and economic law, commodity values and the general price level follows up with the increasing money supply and follows down with the volume of money decreasing, like the tide rises and follows the moon under the law of attraction and gravitation in its course across the expanse of the ocean, and falling again as the moon disappears beneath the horizon.

And it is no less fundamental in economic science that the price level following up and down with the relative supply of money, earnings and income, and the buying and consuming power, are carried on the same rising and ebbing tide, rising with an increase of the money supply and falling with a want and scarcity of money.

EMPLOYMENT FOLLOWS THE INCREASE OF MONEY

And employment, the economic counterpart of industry, follows no less with the rising and falling movements of

money along with prices, values, earnings, and consuming power in the industrial march, rise or decline, and with such even and parallel course as to make an increase of money or employment a measure for the increase of the other.

THE NATIONAL INCOME FOLLOWS THE INCREASE OF MONEY

The law of monetary attraction of gravitation with the rising supply of currency and credit pulling or drawing commodity values and the price level can probably be shown best, illustrated and proven, by the rise and fall of the national income, which is a multiple or sum total of individual earnings and which follows along with the value of money, prices, values, and employment.

In 1929 we had a full or higher money supply with accompanying higher prices and values and followed by higher earnings and buying power and with full and general employment of labor.

And with this higher money supply and following up with higher values, earnings, and employment, we find the national income at \$69,000,000,000, with farm income at \$13,000,000,000, and with the United States Treasury income at \$9,000,000,000.

But in 1933 we had a lower or decreased supply of money with accompanying lower prices, values, and employment, and the national income fell or declined from sixty-nine billions in 1929 to thirty-nine billions in 1933, or a fall of the national income of \$30,000,000,000 under a lower money supply.

THE FARM INCOME FOLLOWS AS MONEY INCREASES

In 1933, with such lower supply of money, farm income fell or declined from \$13,000,000,000 in 1929 to \$5,000,000,000 in 1933, or a fall of the farm income of over \$7,000,000,000 under a failure or lower supply of money.

UNITED STATES TREASURY INCOME FOLLOWS WITH INCREASE OF MONEY

In 1933, with such lower supply of money, the United States Treasury income fell or declined from \$9,000,000,000 in 1929 to two-plus billion dollars in 1933, or a fall of the United States Treasury income of almost \$7,000,000,000 under a lower money supply.

EMPLOYMENT FOLLOWS INCREASE OF MONEY

But this is not all this comparison shows. It shows that under the increased money supply in 1929 and prices, earnings, and consuming power increasing with money, that employment of labor likewise followed up with the higher level of prices, earnings, and money, and that employment decreased in 1933 in ratio with the falling supply of money in circulation.

Following in 1936 there was an increased supply of money over the volume and supply of money in 1933; and with borrowing for relief and recovery still operating to increase the money supply, the national income raised back from \$39,000,000,000 in 1933 to over \$63,000,000,000 in 1936, or an increase of \$24,000,000,000 in 3 years under a greater volume of currency and credit.

It is a fact demonstrated by science and proven by trial and experience that prices and values fall and employment of labor declines in the same ratio or proportion as the money supply is reduced, and all go down hand in hand together.

If the money supply is reduced one-half, prices and values fall one-half, earnings and income will fall one-half, the buying and consuming power will go down one-half, and the hours of employment will decline one-half. This economic law is as unvarying as the law holding the planets in space.

THE REMEDY IS TO RESTORE THE MONEY SUPPLY

Our problem, therefore, is to reverse the operations bringing on a fall and failure of the money supply and to start back an increase of currency and credit and to carry with it a rise of prices and values, a restoration of earnings and income, a rise of the buying and consuming power, and a restoration of employment to an even balance of money in industry.

PANICS DECLARED A MYSTERY

Panics and depressions have long been held to be incomprehensible mysteries defying the powers of men to explain,

or as a scourge sent upon the people to punish men for some offense to God, or for their undue thrift and enterprise, and in providing plenty and too great an abundance.

Some men have advanced the very illuminating theory that panics cannot be explained, that is, they come upon the people suddenly, like some phantom ghost from the somber depths of darkness to hover over the land for a time only to disappear as mysteriously as they come.

Only nature and the supernatural are confusing, bewildering mysteries before men. We cannot comprehend eternity, the causes in far-away space, the infinite works of the Almighty.

But panics do not involve the supernatural, nor are they natural conditions. Want, suffering, destitution, and distress in the midst of plenty and great abundance is not a natural condition; it is an unnatural condition, a perverted man-made economic condition.

There is a reason, a cause for every change or condition in human affairs. There is a rational means and remedy to be resorted to for relief and recovery from every evil and abuse caused by men, and which on realizing the cause we can know the remedy, the means of relief.

Panics are conditions brought on by men, resulting from the relations of men in the course and conduct of men. Panics are caused by men and within the comprehension of men, and can be remedied by men.

To say that these man-made panics are an insolvable problem before men, are incomprehensible mysteries, is a maneuver, an artful gesture to evade public responsibility, or a cowardly mental retreat.

THE MYSTERY OF YELLOW FEVER

There was a time when yellow fever was alike held a mystery before the people, when the sickness, bringing suffering and death to many thousands in certain sections of the country, was by many people believed an evil or scourge sent as a punishment by the Almighty, and nothing could be done to arrest the disease.

But yellow fever is no longer a mystery because of the secret spread of the disease. It is now well known and understood to be caused by certain insects, and the scourge has been arrested or prevented and the Almighty has been exonerated from the charge of afflicting this particular punishment.

The mystery of yellow fever was solved by medical science, discovering that the poisonous virus was carried by a certain tropical insect, the mosquito, and protective measures against these insects have brought relief from the yellow fever scourge and the fatal disease has been abated.

And the so-called mystery of panics or depressions has now been solved no less than yellow fever by economic students and monetary scientists, who have discovered that panics are caused by leaving the operations of public currency under the secret control and regulation of private financiers and banking corporations with temptation to use and manipulate for their selfish profit and gain.

The control and manipulation of the currency by private bankers and financiers as a cause of panics and depressions has been proven and confirmed over and over again, even more definitely, positively, and conclusively than the cause of yellow fever was found, and later proven and confirmed by the medical fraternity, and the trial and test of the remedies applied.

And as yellow fever was eradicated and the appalling loss of life stopped or abated so the reoccurrence of panics or depressions can be equally guarded against and prevented, only the prevention of panics and depressions is an operation much less intricate and difficult than to safeguard against the spread of disease by insects.

When the discovery was made that yellow fever was caused by mosquitoes communicating the poisonous virus or germs, the medical fraternity or profession in charge promptly met the emergency and provided effective measures, and by applying the preventive remedies yellow fever was stamped out as a disease.

But this prompt and effective action of the physicians and medical fraternity coming to the rescue of stricken humanity, with measures to stamp out yellow fever, is in sharp and striking contrast with the course of the manipulating bankers and financiers on the discovery of the cause of panics.

When the cause of panics or depressions was found to result from the evils and abuses of the private, secret control of money, the financiers, instead of cooperating and taking measures to abolish the evils of private regulation and control, and to apply the remedy of open public regulation, have conspired to deny and conceal the cause, to thwart and prevent the control of money taken from them.

Instead, the gambling bankers and financiers have organized a great propaganda system concealed under the cover of sermons, lectures, and editorials, to spread misleading and erroneous money theories, to create false public opinion, reaching out to schools, colleges, and civic orders, to pervert and mold the plastic mind of youth as well as the mature minds of men.

And more, they have organized a cordon lobby encircling, encompassing the National Capitol, and centering upon the Federal Congress, with sentinels, scouts, and pickets by patrolling the corridors and committee doors, with ample funds for entertainment, feast, and function, to warp the minds and entangle legislators unawares.

MUST KNOW THE CAUSE

As long as men were resigned to the belief that disease and human affliction were mysteries brought upon the people by the judgment or acts of God, little or no progress could be made in preventing or arresting the disorders of the disease.

And as long as men can be held in the erroneous belief that panics are mysteries or the result and judgment or the acts of God to punish and chastise His children on earth, for too great enjoyment of the fruits of their toil and labor, there can be no progress made in economic recovery, or in safeguarding against the recurrence of panics.

MEMBERS UNWITTINGLY USED

And whenever I see a Member here assuming an air of serious apprehension and concern, and hear him observe, speak, or prattle about fiat money or printing-press money, as if all money was not fiat money, as if all money was not printing-press money, and declaring upon the horrors of inflation when every inflation brought about in this country has been brought and directed by the financiers themselves—whenever these Members assume such views and apprehension, then I know that their masters are near about, moving in the garb of plain-clothes citizens, observing from the corridors or checking from the galleries, and listening to their misled poll parrots, repeating after them in blind, vacant stare, "Panics are incomprehensible, bewildering mysteries," and money is a power to be controlled by bankers.

THE 1937 DEPRESSION THE SAME AS ALL OTHERS

Every panic or economic depression which has come in this country since the organization of the Government has come with the same fall of prices and values, the same failure of earnings and income, and buying and consuming power, the same general and widespread unemployment, and the same want and scarcity of the money supply.

And this 1937 depression is not unlike or is no exception to all other panics which have come as a blight upon Nature's bounty, and to bring want, suffering and distress, destitution, hunger, and starvation in the midst of plenty and great abundance.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?
Mr. GRAY of Indiana. I yield to the gentleman from Texas.

Mr. McFARLANE. I am very much interested in the gentleman's address. He referred to lobbyists a moment ago. I heartily agree with the gentleman, but I am wondering if the gentleman has some remedy to eliminate these lobbyists other than the legislation that this House killed a few years ago, which would have done that very thing, and which would

have required them to register and give the public the information required.

MONEY LOBBYISTS ASSUME CHARACTER OF ECONOMISTS

Mr. GRAY of Indiana. I am not greatly impressed with the efficacy of lobby legislation to protect Members on this floor. This protection rests largely with the Members themselves and the proper information imparted to them.

The Members of the House come here honest and well-meaning and anxious and impatient to serve their constituents faithfully and well. But they are met here at the threshold by the private banker's lobbyist, posing in the guise of special economists and monetary experts, and are misled to believe that economic depressions are incomprehensible mysteries and beyond the powers of men to fathom and explain. And Members are unconsciously persuaded to give up the worry of a study of money and take advice and information from these so-called specialists, speaking in vague and technical terms.

Money is not a mystery any more than other problems of our intricate and complicated industrial system, and every Member of this House is as capable or more capable, if he would devote himself to a study of the subject, than the so-called special monetary experts who swarm the corridors and committee rooms in plain clothes to conceal their identity and to convince Members of their mental depravity or inability to cope with the problems of state.

I would like to see every Member of the House resent these reflections upon his mental integrity and independence and assert himself in the exercise of his own native ability to think for himself upon money and be the architect of his own mental fortune.

I must assume, in making this explanation of the remedy to relieve from the 1937 depression, that Members here have either heard or read my particular and more detailed statement of the causes of this 1937 relapse, delivered on the floor of the House January 7, and published in the January 10, 1938, CONGRESSIONAL RECORD.

THE CAUSE BRIEFLY STATED

This industrial panic or depression has resulted from an impaired or diminishing volume, a part failure of the money supply. Production and consumption have been thrown out of balance. The distribution of goods has been retarded and slowed down, bringing on a failure or partial paralysis of industry.

Briefly restating and explaining the cause, this 1937 panic was brought on, in part, by a suspension of relief payments, but largely coincident and in far greater portion by the Federal Reserve Board and banks drastically contracting currency and credit under a double order of increasing bank reserves.

It was the Federal Reserve Board orders of July 14, 1936, and January 30, 1937, effective August 15, March 1, and May 1, following, in all, increasing bank reserves 100 percent, contracting currency and credit over \$3,000,000,000, bringing a fall of values of over \$32,000,000,000, and a corresponding destruction of the buying and consuming power.

CONCISE STATEMENT OF REMEDY

Therefore, the most brief and concise statement explaining the remedy for this depression, and apparently the most logical facilities to be used would be to say, reverse the operations of the Federal Reserve Board and banks by and through which the currency was contracted and the depression was brought upon the country.

Mr. BEAM. Mr. Speaker, I ask unanimous consent that the time of the gentleman from Indiana be extended for 5 minutes.

Mr. GRAY of Indiana. Make that 20 minutes.

Mr. BEAM. Twenty minutes.

Mr. GRAY of Indiana. I want to explain this panic and fix the responsibility where it belongs.

The SPEAKER pro tempore. Is there objection?

Mr. SNYDER of Pennsylvania. Mr. Speaker, we have three or four more speakers coming on this afternoon.

Mr. Speaker, reserving the right to object, I have a hearing of the Subcommittee on Military Appropriations and I have

a special order for today. Will not the gentleman kindly make his request 5 minutes?

Mr. GRAY of Indiana. I hope the gentleman will not object and prevent me getting additional time. The effect of this panic will be felt in every congressional district.

The SPEAKER pro tempore. The gentleman from Indiana asks unanimous consent to proceed for 20 additional minutes. Is there objection?

There was no objection.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. GRAY of Indiana. I do not yield for a speech, but I yield for a very pointed, sharp, quick question.

Mr. SABATH. It will not be sharp and it will not be quick, but it may be enlightening.

Mr. GRAY of Indiana. Make it as short as possible. I want to explain the remedy for this depression.

Mr. SABATH. The gentleman stated that the recession set in. Was it not brought about by certain leaders of industry for the purpose of bringing about the repeal of the tax laws that we passed, and to stop us from passing the wage and hour bill? Is not that the thing that started it?

Mr. GRAY of Indiana. No. While I concede that some of these men are not above doing what the gentleman from Illinois charges against all of them, but they did not do it. They did not have to do it. The financiers were in better position and did it for them.

Mr. SABATH. The gentleman is in error.

Mr. GRAY of Indiana. We have the Presidency, we have the House, we have the Senate, and all the powers of government in our control, and with all these we cannot be heard to say that a comparatively few men in private business could bring on this Nation-wide depression.

This panic was created by the Federal Reserve Board increasing bank reserves and contracting the currency over \$3,000,000,000 in 8 months.

This claim of capital on a sit-down strike and refusing to produce, with the crowded inventories and bursting warehouses, has mitigated more against this administration and Congress than any other apology which could be offered and would commit us to the policy of evasion and make this administration and Congress responsible for the deliberate crime or the criminal negligence of the Federal Reserve Board.

The overcrowded inventories and the bursting warehouses filled with manufactured goods, which could not be sold or moved for want of purchasing power of the people to take, disproves the theory of capital on a sit-down strike and refusing to produce. It shows instead that capital was relying on normal consumption in the future and was taken by surprise and stopped when the storehouses would hold no more.

This depression, like all other depressions, has come, first, from the consuming side of industry and not from the producing side, and with the conditions presenting the same false and misleading appearance of overproduction, and with the people suffering want and distress in the midst of plenty and abundance. The inventories and warehouses could be warped into the old-time theory of overproduction more than made consistent with the theory of capital on a sit-down strike and refusing to produce.

With the crowded inventories and bursting warehouses found when the depression came, the theory of capital on a sit-down strike is as incompatible as the theory coming from the other side of the House that this was all caused by a want of confidence in the administration, when there was more production than the people were able to take and would show that capital was working with too much confidence in the future and the ability of the people to buy and take their goods.

Mr. Speaker, I ask unanimous consent to proceed for 20 additional minutes.

Mr. SABATH. Mr. Speaker, reserving the right to object, I merely want to call the gentleman's attention to the fact that conditions are improving in his own State; men are returning to work. They have increased production in the steel industry last week by 50 percent.

Mr. GRAY of Indiana. But we are following in the footsteps of the Hoover administration and Congress by allowing the private bankers to remain in the control of the currency and we are suffering from the same currency evils and abuses which brought on the 1929 panic.

Mr. SABATH. We told the Republicans they were responsible.

Mr. GRAY of Indiana. Yes; we condemned the Republicans for allowing the panic of 1929, and, unless we act promptly now to stop this relapse or recession, this administration will be held in the same disrepute.

Mr. SABATH. I disagree with the gentleman.

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, I would call the gentleman's attention to the fact that in the last 5 years the average citizen has had more leisure time on his hands in which to enjoy himself than ever before.

Mr. GRAY of Indiana. Pardon me, but your party was in power in 1929 and until 1933, and during that time you gave the people more leisure than the leisure time you now complain of to me.

I want it understood that I am complaining of this administration following in the footsteps of the Hoover administration and Congress in allowing the money changers to continue on in the control of public currency, and that the most criminal charge that I could make against this administration and Congress is that we are following in the same course as the Hoover administration and Congress, and as being as bad as the Hoover administration and Congress—that is, if we do not remedy and stop this depression.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GRAY of Indiana. I am talking about the 1937 depression; I want to be honest enough to admit there is a depression. An honest confession is good for the soul and unless we concede there is a depression we can never hope to provide a remedy.

There is a depression and it was brought on by the Federal Reserve Board in the employ of the Government by taking orders from the private bankers and financiers.

The Government was to control the Federal Reserve System, but the Federal Reserve banks are controlling the Government, and if this administration and Congress allows them to continue their control over the public currency this administration and Congress will be responsible for the continuance of this relapse or depression.

But leaving the cause of this depression and the responsibility for its occurrence and looking only to a remedy and for immediate and prompt relief, we would say command the Federal Reserve banks. But it would be impossible or impractical to reverse the currency and credit operations which brought on the 1937 depression by resorting to the means and facilities of the private Federal Reserve Bank System.

The private Federal Reserve banks are not, in fact, public or governmental agencies, and the Government is without positive power to exert any certain or compelling force through and by means of the Federal Reserve System to bring about such reversal of operations necessary to restore the currency equilibrium.

And even if the private Reserve banks which secretly contracted the currency and credit and brought on this economic depression, could be trusted or relied upon to act in good faith with Congress, and to restore back the normal volume of money, there is a reason why they could not so act.

PRIVATE RESERVE BANKS CANNOT RESTORE MONEY

The Federal Reserve Bank System is a passive monetary agency with facilities only to be acted upon in its operations of making loans and extending credit to borrowers, and is, of itself, without positive or compelling force to move or advance business and industry. It can only contract and withdraw currency and credit, but without positive power to expand or reflate.

When an economic depression has set in and industrial activities have bogged down, the conditions come to stagnation or a standstill, like an automobile stalled in the mud or mire and powerless to start or move out alone by the exertion of its own power, or without some other or extraneous force.

Men cannot be coerced to borrow money, nor can banks be compelled to make loans, nor to go into business or enterprise, nor to make investments in property. But all must wait for some positive or compelling force to break the economic inertia or stagnation and first set the wheels of industry going.

The one exception of the Reserve System under which its facilities could operate with positive force is the open-market operations—buying bonds and securities. But this would add no new or increased currency in circulation and would leave the distribution of money and credit going to a limited class or an exclusive few—to surplus investors—and not to producers and consumers.

It would be impractical if not impossible to reverse these currency and credit operations which brought on the 1937 depression, through and by means of the passive agencies and facilities of the private Federal Reserve banks, by means of which a contraction of the currency was deliberately initiated and carried out.

MUST RESORT TO DIRECT POWERS OF GOVERNMENT

To meet this crisis and emergency, Congress is especially and particularly fortunate in being prepared and completely or fully ready to move or take action for industrial relief. We have every necessary currency facility, every required money agency and instrumentality ready, available at hand, and in working order to carry out the precise operations required.

All we have to do to start normal recovery is to resort to existing governmental agencies, is to command and direct existing public officials in the exercise of already authorized powers to carry out operations already tried out and tested. No new facilities, systems, or operations will be called for to bring about full and complete relief from this depression.

We must resort immediately and directly to the positive and compelling forces of the governmental currency facilities for the issue and distribution of new money generally and widely among all the people to restore back the normal money supply and the buying and consuming power to all the people.

Prompt, immediate, and adequate relief from the evils and distress of this 1937 depression requires that Congress act and make prompt resort to the direct and positive currency powers of the Government to remedy the cause, and relieve present conditions, brought on by the private Federal Reserve banks, by increasing reserves and contracting loans and credit.

And there would be no change of money from the 346,000,000,000 of currency now in use in our every-day commercial and industrial affairs. There would be no token money or scrip money, nor money in new and untried form to be tested out or experimented with in the administration of the new currency order.

MONEY OPERATES AUTOMATICALLY

After the money was paid out into circulation in a sufficient volume, supply, or amount to restore an even balance of industry of money with goods and exchange operations, barring the criminal interference of man, money would function as automatic as nature and no further governmental supervision would be required.

TWO SEPARATE CURRENCY SYSTEMS

We have two separate currency systems to provide the people with money and carry on their business and industrial affairs. One, our public or governmental currency system as provided for under the Constitution coming down from Jackson and Lincoln, with money to be issued and controlled by Congress.

The other is a private bank currency system outside and independent of the Government, and in violation of the Constitution, carried on for private profit and gain with

money secretly regulated and controlled, and used by the private bankers and financiers in their stock gambling and speculative operations.

Our public, our governmental currency system as provided for under the Constitution has been given up and abandoned, and its currency power surrendered over to be exercised by private bankers for selfish profit, gain, and advantage and in gross disregard of the public welfare.

WHAT I AM PROPOSING TO DO

What I am proposing and wish to do here is to make immediate and prompt resort to the powers of our public or governmental system to provide sufficient new, non-interest-bearing currency to replenish the normal money supply, depleted and exhausted to a scarcity by the private bankers in their gambling orgies.

This resort to our governmental currency system is to enable Congress to act promptly to relieve the cause of this depression, from such want of scarcity of currency and credit, sufficient to do the business of the country, until in due and deliberate time a full and complete governmental reform currency measure can be considered and the currency powers reclaimed to Congress.

PROVISIONS OF CONSTITUTION ARE AMPLE

The provisions of the Constitution are ample and complete to authorize and fully empower Congress to issue full legal tender money to control and regulate the value of money, to restore and maintain the volume and supply of money, and to take all necessary and proper action to raise and stabilize the price level.

Clause 2 of section 8, article I, of the provisions of the Federal Constitution vests in Congress the authority and power to issue and make money full legal tender, and under clause 5, section 8, article I, Congress is authorized to control and regulate the volume and supply of money in circulation.

LAWS ARE ON THE STATUTE BOOKS

Under these provisions of the Constitution, Congress, in the exercise of such powers, has provided for the issue of such legal-tender money by laws enacted February 28, 1862, and by laws supplemental thereto enacted July 11, 1862, and March 3, 1863, all of which remain in full force and effect today.

The United States Supreme Court, the highest judicial tribunal in the land, the Court of final and last resort, has considered, adjudged, and decreed that Congress is duly empowered and authorized to issue full legal tender money and to regulate and control its value.

In the case of *Hepburn v. Griswold* (8 U. S. 603), and in the Legal Tender cases of *Knox v. Lee* and *Parker v. Davis* (79 U. S. 457), these several laws enacted by Congress are confirmed as valid exercise of powers under the provisions of the Constitution.

To provide for the issue of full legal tender money it will not be necessary to change or alter, nor to amend, add to or take from, a single clause or provision of the Constitution, nor to enact a single new law, nor to provide or create a single new office, nor a single new board or agency.

All that remains for Congress to do is to command officials already empowered to act, to direct the functions and operations of existing governmental means and agencies, is to smite the rock of constitutional powers and full legal tender currency or money will come forth like gushing water.

MONEY REDEEMABLE AND CONVERTIBLE

This money to be used under this bill will be issued under existing monetary laws in force and confirmed by the Supreme Court and will be the same money now in use, redeemable or convertible the same as other money, and under all the guaranties and safeguards as the money now accepted and in circulation, and based upon the same gold reserve.

The apprehension of so-called "inflation," nor of "flat money," nor "printing-press money" cannot enter into the consideration of this money more than any other money now issued. It will be the same money in every way, only it is more of the same money, a greater volume and supply of the same money.

The amount of money under this bill, to be issued and paid out into circulation, will be limited to a certain amount. The money will be issued and paid out until the 1926 price level is restored, then the further issue will be discontinued. And if prices rise above the 1926 level, then money will be withdrawn and retired.

And after the money is paid out into circulation all further operations will be as automatic as maintaining the population of the country. No further direction or supervision would be required; it will only be necessary to protect and safeguard the operations of the law of supply and demand, and leave the energies and enterprise of the people unrestrained.

I HAVE FILED A BILL TO CARRY OUT ORDERS

I have filed bill H. R. 9260 to provide and for the purpose of Congress making such demand upon, and ordering and directing the Secretary of the Treasury to proceed in obedience to existing law to issue non-interest-bearing currency notes, and to pay the same out into use and circulation as a means to restore and stabilize the price level.

FINE OR IMPRISONMENT, OR BOTH

I have provided in this bill for the imposition of a fine, imprisonment, or both for a violation of the currency order or a failure to carry out and observe and abide the directions to be followed in issuing the new money and maintaining it in use and circulation.

And if Andrew Jackson were only here today to lend the aid of his counsel, wisdom, and judgment, and his courage, resolution, and iron will, and his defiance of the money changers, to enforce the provisions of the measure, I would add the penalty of hanging as a just and merited punishment for the crime of bringing on panics and the want, anguish, destitution, and the sufferings of the people.

And if this bill was enacted into law today, the program for full and final recovery could be started and go forward tomorrow, and without borrowing at interest and spending, without the levy of burdensome and crushing taxes, without the destruction of farm foods and other vital necessities, and while maintaining plenty and great abundance.

ALL IS READY AND WAITING FOR CONGRESS TO ACT

All these necessary agencies of the Government are provided, ready and waiting, and the fertility of the soil and the resources of the country, the climate, air, water, and sunshine, the energies and enterprise of the people and all the requirements of nature and man are waiting the order from this Congress, the word to go, to bring back prosperity and abundance to the people.

All is ready, ample and complete as creation in all its bountiful parts, as the earth and fullness thereof, with its warmth and air and light and water to promote the growth and well-being of all animal and vegetable life upon the soil and the surface of the earth.

But this administration and Congress, blind to the errors of other Congresses, and failing to take lesson, heed, or profit even from its own errors, mistakes, and failure of borrowing, spending, taxing, and destroying food, is still accepting the explanation or mystery and is following the Hoover administration and Congress and leaving the money changers in the control of the currency.

THE ONLY OBSTACLES

There is only one hindrance or obstacle standing in the way of returning prosperity, of a return of earnings and consuming power, of a return of employment to the people, and relief from want, suffering, and distress and that is, this confused and bewildered Congress, misled and following the advice of the private bankers as their advice was followed by the Hoover administration and Congress to leave them in control of the people's money.

STRANGE SPELL OVER CONGRESS

If this strange spell of irresistible siren charm and enchantment long held over Congress by the crafty bankers and financiers could only be broken and Congress left free to exercise its normal, rational mind in the study and consideration of money as a vital and indispensable part of industry, and its power for evil as well as for good, Congress would suspend the rules in its haste to recover back its surrender of

constitutional power over money and to order and direct the Secretary of the Treasury to issue full legal tender currency and to pay it out into use and circulation until the money balance in industry was restored.

If Congress could only be aroused, awakened to a realization of the crimes of money and to the false and delusive plea of bankers, and to recover its control over public currency, the effect upon the people and the country would be instantaneous, like magic the doors of factories, mills, and workshops would stand ajar, swing open, the wheels of industry would start, the whirl of machinery in motion, the din of saw and hammer, would sing the song of prosperity returning, amid the glad rejoicings and hosannahs of 130,000,000 suffering people, and beginning psychologically in less than 30 days.

LOSS CANNOT BE REGAINED IN LIFETIME

While full and complete recovery of the economic loss from this and the 1929 panic, the loss of wages, earnings, and income, the loss of property and labor values, the loss of homes and farms by foreclosures, can never hope to be realized even in the span of the average lifetime, yet the further progress of this depression and the further loss to the people, their further sufferings and distress, their further waiting in enforced idleness can be stopped, halted, and turned back, turned back toward prosperity again, toward relief in less than 30 days.

This administration and Congress has been following blindly in the footsteps of the Hoover administration and Congress, and is holding back recovery, or standing as an obstruction in the way of prosperity struggling and threatening to return as nature is willing to burst into life.

This Congress following equally or more blindly than the negligent and indifferent course of the Hoover administration and Congress, is holding back the fertility of the soil, is holding back the resources of the country, is holding back the energies and enterprise of the people, is holding back the existing facilities of the Government and will not let them go.

IF ANDREW JACKSON WAS HERE

Andrew Jackson drove Nicholas Biddle and his private bankers from the money temple of the Nation when Jackson was President. But Nicholas Biddle and his private bankers are lurking under the name and style of the Federal Reserve System and are back again in the Nation's money temple. And if we could only bring back the spirit of Andrew Jackson we could drive them out again.

DISCOVERED CONTRACTION MARCH 16, 1937

Let me observe here that I might as well have made this statement on the 16th day of March last and would have made the statement on the 16th day of last March, or as soon thereafter as I could have prepared a statement, if I had not been deceived, misled, and thrown off my guard by the article published on that day by Chairman Eccles of the Federal Reserve Board. I was misled to withhold my statement and will read here from the article published which served to throw the public off its guard; I will read only the first three paragraphs as follows:

[The Washington Post, March 16, 1937, page 14]

ECCLES' STATEMENT ON CREDIT AND MONETARY POLICIES

I wish to correct erroneous interpretations which have been circulating with reference to my position on credit and monetary policies.

I have been and still am an advocate of an easy-money policy and expect to continue to be an advocate of such a policy so long as there are large numbers of people who are unable to find employment in private industry, which means that the full productive capacity of the Nation is not being utilized.

Under such conditions, to restrict the available supply of capital and thus to make it difficult, if not impossible, to employ these people would not only be antisocial but uneconomic.

I do not believe that sharp price rises in certain basic commodities should be controlled at this stage of the recovery by a restrictive money policy which would tend to freeze and might bring about an actual reduction in the total volume of employment and production.

WHY STATEMENT WITHHELD?

When I read that article on the 16th day of March last, I stopped my investigation. I believed that the Board was

going to suspend further proceedings in the course of operations then under apprehension not only by myself but many others, and whose criticism at the time prompted Chairman Eccles to make his statement.

Mr. Eccles was a public official, and we had a right to rely upon and accept his word in good faith. But he did not stop and suspend the currency operations then in progress, contracting the currency, but continued on until he had brought on the 1937 depression.

WOULD CONGRESS HAVE LISTENED?

But I am wondering now what a statement then would have availed me if made and presented to the House more than for use now as "I told you so." This statement would have probably been received and listened to as a pessimistic and unwarranted alarm cry, predicting a fantastic calamity never to be realized, and would have gotten me nowhere in gaining attention to stop the operations which brought on the depression.

WILL CONGRESS LISTEN NOW?

And even now, facing the stern realities of a depression realized and at hand, I am wondering if I will be able to gain sufficient serious attention here to explain the cause and a remedy to stop the further progress of this depression; that is, to lock the door even after the steed has been stolen and to safeguard against a further theft and robbery of the stable.

AFTER STEED IS STOLEN

And here is a warning note, but sounded only after the steed had been stolen, by a Washington correspondent of the Philadelphia Record and published January 2, 1938, and in which the action of the Federal Reserve Board, in increasing reserves and contracting the currency is characterized as the "biggest miscalculations."

[From the Philadelphia Record, January 2, 1938]

BUSINESS SHADOW TRACED TO CUT IN EXCESS RESERVES—RESERVE ACTION WIPE OUT THIRTY BILLIONS OF POTENTIAL CREDIT; MARKET BREAKS AND RECESSION FOLLOWED QUICKLY

(By Felix T. Cotten, Record's Washington Bureau)

WASHINGTON, January 2.—The Federal Reserve Board order of January 30 doubling member bank reserve requirements threw a shadow over the business picture for the entire year and affected every subsequent move by either the Reserve Board or the Treasury relating to credit.

This drastic order was the culmination of a program of credit contraction begun the previous summer, including a 50-percent increase in reserve requirements and inauguration of gold sterilization.

BOND PRICES WAVER

The second reserve-requirement hike in the spring increased to \$3,000,000,000 the amount of commercial bank funds tied up and wiped out more than \$30,000,000,000 of potential credit expansion.

Thus by this huge "money freezing" the Reserve Board, under the direction of Chairman Marriner S. Eccles, once regarded as a liberal, went the whole way in using its power.

One early result was that interest rates, both short term and long term, began to rise. Banks—particularly large ones—sold Government securities largely from necessity of meeting the reserve requirement increases.

CRITICISM IGNORED

The result was a drastic break in Government bond prices. To try to check the break, the Treasury in March bought \$115,000,000 of Government securities for its various trust funds, and the Federal Reserve open-market committee absorbed \$103,000,000 of Government bonds.

The effect of Government bond price break was carried into corporate issues and gave a shock to the new-issue market, to stock prices, and to business generally. Despite widespread criticism, the Reserve Board doggedly stuck by its program, although it back-tracked in indirect ways.

When the \$218,000,000 of March Government securities purchases failed to halt the bond-market break, the Federal Reserve open-market committee abandoned the process of shifting from Treasury bills and notes into bonds, and during April bought \$96,000,000 of Government securities.

When a new break in both bond and stock markets developed in August, the Reserve Board prodded Reserve banks into reducing rediscount rates. Since the rates were not reduced to the prevailing short-term rate level, however, the psychological effect was bearish.

SHORT-TERM RATE SOARS

The Government's short-term rate, which, under the stimulus of the May 1 reserve requirements increase, had risen in April to the highest point in years, again soared.

The open-market committee then arranged with the Treasury for sterilization of \$300,000,000 of gold, cutting the "cold storage" gold fund from \$1,385,000,000 down to \$1,085,000,000.

It also authorized a new Government securities buying program confined to Treasury short-term paper.

The announced purpose of this credit-easing move was to avert a "squeeze" in the money market due to the fall in money in circulation. Probably the main motive was to try to slow down the stock-market break.

BOND MARKET STRENGTHENED

Although the action had no effect on the stock market, it strengthened the Government bond market. Interest rates were lowered again when the open-market committee, in November, bought \$38,000,000 of Treasury bills and notes, increasing Reserve bank holdings of Government securities to \$2,564,000,000.

The gold movement, meanwhile, was reversed, and the Treasury some weeks ago began to export gold. The sterilization fund, which after September 12 climbed back to \$1,272,000,000, has been reduced by exports to \$1,227,000,000.

In some respects, the Reserve Board's credit-tightening program proved to be one of the year's biggest miscalculations. Last January the Board had the future blueprinted down to the last detail.

Short-term interest rates, the Board admitted, would go up, but long-term rates would not; they would merely not go down further. Member bank excess reserves on May 1 would be reduced to \$500,000,000, and thereafter they could be made to disappear entirely at pleasure.

CITED AS SLUM CAUSE

As a result of the Government securities-buying program, and the Treasury action in allowing its working balance to decline, excess reserves on May 1 were around the \$1,000,000,000 figure, and have risen since.

In the course of its efforts to ease credit last September, the Reserve Board made installment paper eligible for rediscount at Federal Reserve banks.

The action of the Federal Reserve Board in increasing reserves and contracting currency would have been the appropriate remedy if the general price level had been rising too high, but such contraction of the currency was without force and effect to reduce prices fixed by nonmonetary causes, and was a fatal error of miscalculation when the price level was already too low.

THE VOLUME OF MONEY CONTROLS PRICES

The amount and supply of money in circulation controls and fixes the general commodity price level, where the economic law of supply and demand is left free to operate like the amount of water in a pond controls the level of the sticks, boards, and logs floating upon the surface of the water.

EXCEPTION TO GENERAL RULES

But there are exceptions to general rules and there are certain individual prices which are fixed by separate and independent causes and which stand out alone higher or lower, like a stone, post, or piling above or below, the water level, in a pond or lake, and fixing prices above or below the general price level, and which are independent of the law of supply and demand of money.

These separate and independent prices are fixed by separate and independent causes operating and are taken out of the law of supply and demand operating upon certain articles, products, and commodities, as by collusion of parties, or under monopoly, or by agreements in restraint of trade. These are nonmonetary prices and beyond the reach of the law of supply and demand of money.

LED AND MISLED PRESIDENT

Where the chairman of the Federal Reserve Board deceived or misled the President or made his biggest miscalculation, if his action was not deliberate or intended, was in holding up certain higher prices before the President as measuring the general price level, well knowing the same to be fixed or nonmonetary prices, and not prices under the law of supply and demand and which were still below the 1926 level to which the administration and Congress was committed to raise prices.

Relying upon this misrepresentation of facts and jugglery of the general price level, the President was misled by Eccles to make the statement at his April 4, 1937, press conference that "prices were getting too high," and thereby lead or mislead unwittingly to sustain the Federal Reserve Board in its course of currency contraction.

It is inconceivable that the Federal Reserve Board with all the facilities at hand and available to detect and measure

nonmonetary prices as well as the general commodity price level would make such an error or miscalculation, and the act was either deliberately and criminally intended or the chairman was guilty of criminal negligence.

PANIC WAS CERTAIN TO COME

If this panic had been criminally conspired, had been criminally conceived or intended, it could not have been more deliberately planned and the plan carried into effect more certain than under the movements and operations directed by the Federal Reserve Board and banks which led up to and culminated in this depression.

Here is another warning note, a distress signal, sent out to lock the stable door after the steed was stolen, unavoidably delayed by reason of concealment, and sent out by a Democratic administration supporter and who had recommended Marriner S. Eccles for chairman of the Federal Reserve Board.

ANOTHER WITNESS

This warning note comes in the form of an editorial by the editor of the Philadelphia Record, and appears on the editorial page of the December 10, 1937, issue of that Democratic and administration organ. I will only read a part of this editorial here, but will include the whole of the article in my remarks to be printed in the Record, which is as follows:

Marriner S. Eccles is the country boy who came to town and got taken in by the city slickers.

Back home in Ogden, Utah, where there isn't anybody as smart as Winthrop W. Aldrich, Eccles was a liberal. But when the Wall Street experts went to work on him, his liberalism dried up and he has become the outstanding reactionary in the Roosevelt administration.

And the most pitiable part of it is that Eccles doesn't even know what happened to him. He thinks he thought it all out himself.

When Eccles, as head of the Federal Reserve Board, appeared this week before the Banking Committees of the House and Senate he demonstrated conclusively what the Record has long suspected.

That Eccles has lost track of what it is all about and is too stubborn to admit his own past errors and his present confusion.

In conversation with members of the House Banking Committee on Tuesday Eccles said he favored increased Government spending to pull the Nation out of the present recession. Yet before the Senate on Wednesday he still had the gall to defend his own policy of raising reserve requirements, which was part and parcel of the economic philosophy that led the administration to cut spending.

Last winter and spring Eccles was seeing a nonexistent inflation bogey that Winthrop W. Aldrich, board chairman of the Chase National Bank, has conjured up for him.

And Eccles was exercising the spell with increased reserve requirements, panicky warnings that frightened investors, and speeches urging the balancing of the Federal Budget.

The senseless increase in reserve requirements alone froze \$3,000,000,000 of bank funds and inevitably depressed business.

That action by itself might not have been enough to counteract the forces set in motion by the New Deal, that were making for recovery.

But taken together with the gold sterilization policy, the cut in Federal spending; the balance-the-Budget cry, the locking up of social-security payments—they formed a combination that would have produced a recession under any conceivable conditions.

Eccles and his teammate, Secretary of the Treasury Morgenthau, carried out a deflationary program so drastic that it would have checked even a headlong inflation.

Trouble was last winter there was no headlong inflation, but a sound, gradual recovery that had not even reached the 1926 norm at which the administration was supposed to be aiming.

Eccles used a stomach pump on a man who was beginning to show signs of recovering from starvation.

And now that the victim is desperately sick, as a result of the treatment, Eccles admits it, but he won't stop the pump.

He has half reversed his position of last March, when he demanded a balanced Budget to "check inflation."

He knows now that the Budget can't be balanced if the depression that he initiated continues. Yet he refuses to take his stranglehold off the economic system of the Nation. He refuses to lower gradually the absurd reserve requirements.

What Eccles knows now about the credit restriction policy, the Record knew a year ago.

Again and again we warned Eccles that just what has happened would happen.

That wasn't clairvoyance on our part, but plain common sense. Eccles used a power that had been given him in order to check a dangerous inflation should one materialize. Even though it didn't materialize, the use of those powers was bound to have a deflationary effect. They were labeled "deflation," and they produced deflation.

That's all. The reason the Record saw that in advance and Eccles didn't is because he was listening to Aldrich and his friends. The Record had heard enough of their advice during the depression.

Now, instead of admitting his mistake, Eccles is clinging to it, yelling for still higher interest rates on the housing program, blaming labor, blaming Congress, blaming everyone but himself for the tragic error that he made.

This newspaper was the first to urge the appointment of Marriner S. Eccles as chairman of the Federal Reserve Board.

But we are not like Eccles. We admit our mistakes.

Perhaps we can make amends by being the first to call for Eccles' resignation.

CALLS FOR ECCLES' RESIGNATION

The editor of the Philadelphia Record, a Democratic administration organ, now calls for the resignation of Marriner S. Eccles as chairman of the Federal Reserve Board.

I approve of this editor's frank and candid confession of his error in recommending Eccles to the President as chairman of the Federal Reserve Board, as well as of his demand that Eccles now resign his office. But this will be as fruitless as demanding the dismissal of a bellboy in a hotel to punish the landlord for running a disorderly house.

I am going the editor of the Philadelphia Record one better. I am demanding not only the resignation of Eccles for his surrender of the money temple to the private bankers, but I am demanding the resignation of his masters in the Federal Reserve Bank System, and that the private bankers resign from the control of the public currency.

ADMINISTRATION MUST CALL FOR ECCLES' RESIGNATION

And if this administration does not call for the resignation of Chairman Eccles now, after this disclosure of his course and conduct, it will be held as condoning his crime or his criminal negligence, and will be assuming responsibility for his action in bringing on a drastic contraction of the currency and credit and the 1937 relapse or depression.

[Here the gavel fell.]

Mr. GRAY of Indiana. Mr. Speaker, I have something more I want to say and I would rather say it to Members face to face than in the Record. I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. The gentleman from Indiana asks unanimous consent to proceed for 5 additional minutes. Is there objection?

Mr. SABATH. Mr. Speaker, I object; others are waiting to be heard under special orders.

The SPEAKER pro tempore. The gentleman from Indiana asks unanimous consent to revise and extend his remarks in the Record. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker, earlier in the day I was given permission to address the House for 10 minutes at the conclusion of the other pending special orders. Because of the necessity of my attending a committee I shall not be able to use this time.

Mr. SEGER. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes following the other special orders for today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SNYDER of Pennsylvania. Mr. Speaker, the gentleman from New York [Mr. SIROVICH] has consented that I may speak ahead of him in the regular orders heretofore entered for today. I therefore ask unanimous consent that I may speak at this time pursuant to a special order previously entered instead of the gentleman from New York [Mr. SIROVICH].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. SIROVICH. Mr. Speaker, reserving the right to object, and I shall not object if I do not lose my opportunity to speak after the gentleman addresses the House.

The SPEAKER pro tempore. The gentleman from New York will not lose his place. Is there objection?

There was no objection.

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. SNYDER] is recognized for 20 minutes.

Mr. SNYDER of Pennsylvania. Mr. Speaker, about 2 years ago I called to the attention of the House a bill I introduced at that time concerning a system of superhighways for the Nation. I realized in my study of the growth of nations that in the stone age of a nation its transportation, its employment, and its national-defense equipment must be of a certain type as in the early days of our Nation. We then went over into an agricultural Nation for some years and we adjusted our employment program, we adjusted our transportation facilities, and we adjusted our national-defense equipment to meet the needs of the day. Within the last 100 years, and more specifically within the last 50 years, we have slowly developed into an industrial Nation of no small magnitude. Necessarily the avenues of unemployment have widened; therefore the avenues for more employment must be broadened. The transportation facilities that were satisfactory 50 years ago for the transportation of our commodities at that time surely cannot be considered adequate today. The national-defense equipment that was satisfactory for the Nation 50 years ago or even 25 years ago is not adequate for today.

Last year on the 2d day of February the House kindly gave me permission for 20 minutes to present my Transcontinental System of Highways. On the 18th of May 1937, the chairman of the Committee on Roads, the gentleman from Oklahoma [Mr. CARTWRIGHT], held hearings before his committee, and you will find a full report in the road hearings for 1937. When these hearings were concluded there went out across the Nation the news of my particular system of highways. Immediately letters began to come in from all parts of the Nation and at this point in my remarks may I call attention to some of the inquiries or observations?

Here is one from Sheridan, Wyo., dated February 20, 1937:

We have observed with a great deal of interest your remarks on the floor of the House on February 2 with respect to the bill which you have introduced providing for a system of superhighways. Having taken the leadership in the Western States in the general highway-development program and the appropriation therefor during the past several years, we are naturally very much interested in your proposal.

Another one from Mount Vernon, Mo., dated February 26, 1937, as follows:

I have received your speech on superhighways for our country, the United States of America. After reading it, I can sincerely say that I heartily agree with you and I wish that you would push a measure to a final conclusion.

Houston, Tex., February 10, 1937:

Congratulations to you on offering H. R. 4198 providing for the local survey in the building of a system of transcontinental and north-and-south highways.

Denver, Colo., February 23, 1937:

In the CONGRESSIONAL RECORD of February 2, 1937, I read with great interest your speech with reference to a system of national highways. Your plan is an excellent one and I am glad to see that you have introduced a bill to make it a reality.

Mr. LEWIS of Colorado. Will the gentleman yield?

Mr. SNYDER of Pennsylvania. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Record and to include therein details with reference to dates, and so forth, of these letters, parts of which I shall read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SNYDER of Pennsylvania. Mr. Speaker, here is one from Chicago, Ill., Kraft-Phenix Cheese Corporation:

Can you furnish to the attention of the writer a copy of H. R. 4198, a bill dealing with the construction of certain transcontinental highways?

Here is one from Quincy, Ill., August 31, 1937:

Our Congressman, Lewis L. Boyer, informs me that you are preparing to submit to Congress a national-highway plan.

The writer is personally interested, together with his organization, in this matter and would appreciate a copy of your plan if available.

Here is one from Kingston, Ga., dated September 4, 1937:

I wish to endorse your movement about the superhighways as outlined in the enclosed clipping.

That is from Wade C. Johnson, general merchandise, and he encloses a clipping from his home newspaper.

Here is one from Norman Bel Geddes & Co., New York, dated September 8:

In yesterday's Sun, there was a story about your plan for a network of highways for national defense.

It occurs to me you might be interested in seeing our plan for a national highway system, the purpose of which is to increase safe-driving speeds and eliminate all elements of danger at intersections.

Here is another one from Baltimore, Md.:

We have read with a great deal of interest the press reports that you are backing the construction of nine superhighways and that at the next Congress you will resume legislation with the view to accomplishing this purpose.

Here is one from Helena, Ark.:

Notice in the press you are advocating nine superhighways for national defense. We are at this time interested in a bridge across the Mississippi River at this point.

And so forth. Here is a clipping from the New York Times enclosed with a letter from Brooklyn, N. Y., dated September 1, 1937:

The enclosed clipping meets the approval of those who have given the subject mature thought.

Here is one from Panama, Okla., endorsing the project.

Here is another one from Rice Lake, Wis.

Here is one from Columbus, Ohio. Here is one from Cleveland, Ohio, as well as one from Huntington, W. Va. Here is another from the Cleveland Press asking for a copy of the hearings on the bill.

I may say these letters are dated during the months of July, August, September, and October 1937. Here is one from South Carolina. Another one from Erie, Pa., another one from Lakeland, Fla. Here is one from the Super Highway News of Wooster, Ohio, dated February 11, 1937:

Received your notification that you are reintroducing your road bill, and have held up our issue awaiting your revised bill.

May I say at this point that I want to give them credit for being one of the pioneers of a program of this sort.

June 22, 1936, from the Better Roads magazine in Chicago, I received the following letter:

We shall appreciate it if you will send us a copy of your bill providing for the construction of three transcontinental and six north-south high-type modern highways.

Also, from the Commonwealth of Pennsylvania, Harrisburg, Pa., January 22, 1937:

To you has been attributed a bill providing for a survey of a system of three transcontinental and six north-south highways. When available, please send material or information on this proposal.

Yellowstone Trail, Ipswich, S. Dak., October 14, 1937:

I have before me a copy of H. R. 7079 introduced by you, May 17. We are intensely interested in the subject matter of the resolution providing for the building of super highways.

Eads, Colo., March 19, 1937:

I read your speech in the CONGRESSIONAL RECORD of February 22, 1937, and agree with you on the subject you talked on.

From Covina, Calif., September 4, 1937:

I note from the papers you are a live wire, and that you are interested in building some real highways in America. More power to you.

Rusterholtz & Rossell, Inc., Syracuse, N. Y., June 30, 1937:

I wish to congratulate you and also be one of the first to lend you my support in reference to your public-highway program. I noticed the article in reference to your program in the Saturday, June 12, issue of Automotive Daily News.

From La Fayette, Ind., September 7, 1937:

Patriotism has to spend 3 cents to talk, and feels impelled to talk to somebody.

Mr. TERRY. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I gladly yield to the gentleman from Arkansas.

Mr. TERRY. When did the gentleman first introduce his bill dealing with national highways?

Mr. SNYDER of Pennsylvania. Two years ago. Then I reintroduced the bill on February 2, 1937, and a revised edition was introduced on May 17, 1937.

Mr. TERRY. The plan the gentleman is now advocating is the same general plan he advocated 2 years ago?

Mr. SNYDER of Pennsylvania. Very much the same. I have made some alterations, to which I intend to call attention when I return to the map.

Mr. TERRY. I should like very much to hear the gentleman discuss the merits of his bill. I believe we all concede the gentleman is the father of this plan as far as the Congress is concerned.

Mr. SNYDER of Pennsylvania. With reference to the merits of the bill, I have three outstanding objectives in mind when I present the bill this year, just as I did last year. I believe the first objective, the relief of unemployment, is more outstanding and deserves more attention this year than when I presented the bill last year. This plan would relieve a certain percentage of unemployment over a period of years. The second objective is transportation, and the third national defense.

Mr. ZIMMERMAN. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. In view of the fact the President insists we must curtail our present road-building program as well as the expenditures for the construction of roads in the years 1940 and 1941, does the gentleman believe it would be advisable to undertake a great program like this?

Mr. SNYDER of Pennsylvania. I believe the program is very advisable, because we would be building a worth-while project, one which would be handed down to future generations for years to come, instead of giving the people a dole or having them working on W. P. A. projects which might not be of such value as this highway system. This would be a project of great value. If we were to spend a billion dollars a year, we could put approximately 1,600,000 men to work on this project each year for a space of 8 years. If we were to spend half a billion dollars a year, we could put approximately three-fourths of a million to work.

Mr. ZIMMERMAN. Conceding the fact that a program like this, extending over a long period of time, would call for the expenditure of large sums of money which would put a great many men to work and absorb some of the unemployed of our country, does not the gentleman believe we had better go ahead with our present program of building secondary roads and farm-to-market roads, or roads which would reach to the farmer back in the rural settlements of our country, rather than concentrate on this great program of building transcontinental highways?

Mr. SNYDER of Pennsylvania. I may say to the gentleman we should not stop building farm-to-market roads. This would be a superhighway project, and we would go ahead and spend on the other roads the same amount of money as now. If the gentleman will kindly read the bill, he will find I suggest this program may be carried out in one of three ways. Either the United States Government will build the highways, or, as I suggest in the bill, and as I prefer, the building may be let out to private contractors and no contract shall be let covering a distance of less than 10 miles, or the highways may be built on a self-liquidating basis.

Mr. ZIMMERMAN. As I understand, this program is to be carried on in addition to our present program?

Mr. SNYDER of Pennsylvania. Absolutely.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I am pleased to yield to the gentleman from Nebraska.

Mr. STEFAN. The gentleman gave some very interesting testimony on this subject before our Committee on Roads.

Mr. SNYDER of Pennsylvania. That was May 18 last.

Mr. STEFAN. At that time the gentleman stated he was in favor of continuing the secondary or farm-to-market road-building program in order that the question of the food of the Nation might be tied in with the question of national defense, both of which features the gentleman stressed in connection with the program of building superhighways. In other words, the gentleman believes these superhighways are just as important to our country today as a battle fleet.

Mr. SNYDER of Pennsylvania. I certainly do.

Mr. STEFAN. The gentleman recalls that in our hearings just a few days ago experts told us that because of the highly mechanized state of the Army today, unless we have roads similar to these superhighways, the Army will be in the same position as a submarine without an ocean. In other words, we will have to have these highways in order to move our troops for actual national defense.

If I may make a further observation, during our hearings on the new road bill, which will come before the House for consideration very soon, the question of the plan of national defense was stressed very much. Experts appeared before our committee and testified that highways are as important for national defense as an army or a battle fleet. They told us that a 20-foot concrete highway today costs approximately \$20,000 a mile. A 20-foot concrete highway running from Baltimore to San Francisco thus would cost exactly the same as one battleship of the type they will ask us to build in this next appropriation bill for the Navy. Insofar as national defense is concerned, one of these highways is worth 10 of the battleships they are going to ask us to build. [Applause.]

Mr. SNYDER of Pennsylvania. Let us now speak of the labor that cannot be cared for under our present set-up. Industry will not take them back into its ranks, because they are too old. Social security does not care for them. We must do something for them, either put them on W. P. A. or put them on relief.

It might be stipulated that men in this class should be taken care of first in the building of such highways—that at certain appropriate locations along these highways would be constructed community settlements, something like the C. C. C. camps, only of a more permanent character.

Here perhaps our Federal housing program could function to advantage. I am convinced that one of the best Nation-building procedures to which we could resort would be to have several million of our city population move or be moved out along such highways. Acreage for building community centers would be secured along the highways at different intervals, and substantial houses, that would cost two to four thousand dollars, could be built to house the men working on this construction. The incentive would be that if they would work for so long, paying so much a month as rental, that at the end of a certain number of months the property would become theirs. Each of these homes would have a certain acreage attached to them, so any man who had any red blood and backbone could make himself a permanent home.

Mr. Speaker, this would not only be a Nation-building program but it would be a citizenship-building program. Taking these millions of men away from the cities where under present conditions they will never be reemployed, would surely be a worth-while step toward adjusting our social and economic problems.

Mr. Speaker, as long as we have hundreds of thousands of able-bodied men loafing around our street corners and in our bowling alleys, poolrooms, barrooms, and gambling joints, just so long will we be slowly but surely building a citizenship that will eventually be too flabby and weak to perpetuate our form of government.

These men, if put to work on such a constructive project as building these highways, would take on new life, because they would know they were building something permanent and worth while that would be handed down to their children, and to their children's children. They would feel sure that they were contributing something that would make their Nation a better place in which to live.

Further, you fruit growers in the South and the West, and you grain growers should be interested in this. If we had this system of highways in operation this very day, complete, it is estimated by those who have been figuring on this matter that the food, shelter, clothing, and equipment bought by the people of this Nation could be delivered to them at a cost of about 15 percent less than the present cost.

With reference to the national-defense system, you will observe on my map three highways running east and west and six running north and south. At the junction of these highways there will be an airport about 2 miles square.

We are spending about \$1,200,000,000 in national defense this year, and I am heartily in favor of every penny of it and would be in favor of spending more. The Army will spend a certain amount of this total, and I would call your attention to the fact that we must look to the protection of both our shores. If we had a system of roads similar to the system proposed here we could zone a lot of our national-defense equipment, up to the weight of 8-inch guns, in the middle of the United States, and our wing material we could zone here also, and in case of emergency, in less than 12 hours we could have all of our wing material concentrated at one point, and in less than 72 hours we could have all of our rubber-wheel equipment on one seacoast or the other wherever needed.

The situation in Spain has taught us a lesson with respect to stationary equipment. I would not do away with a single bit of our stationary equipment on our coasts or elsewhere, but it has been learned that within a space of a comparatively few hours after Franco attacked Madrid that much of the stationary equipment that had been there for years was destroyed.

[Here the gavel fell.]

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania may be granted an additional 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. FLETCHER. Mr. Speaker, will the gentleman yield? Mr. SNYDER of Pennsylvania. Yes.

Mr. FLETCHER. May I ask the gentleman this question. The railroads are going bankrupt in great numbers and they are down here now asking a 15-percent increase in freight rates. Will the gentleman explain whether he proposes taking over all the railroads under the circumstances of this competition, or how does the gentleman stand on that proposition?

Mr. SNYDER of Pennsylvania. I would not propose taking over the railroads, because it is the business of the railroads to look after themselves, but I would say that looking to the interests of the masses of the people, the people would be better served in the distribution of their commodities with a system of highways like the one proposed.

Mr. ROBSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield to the gentleman from Kentucky.

Mr. ROBSON of Kentucky. I would like to inquire of the gentleman the estimated cost of this undertaking?

Mr. SNYDER of Pennsylvania. I thank the gentleman for the inquiry. I made considerable inquiry of the Army engineers and Bureau of Roads, and while I will not say the Army made the statement—I never quote the President of the United States or the Army engineers—yet I can say that the Army agrees that this would be a great addition to national defense installation, and it could be built for \$8,000,000,000. There would be sixteen or seventeen thousand miles of construction and the average cost would be \$500,000 a mile at the present dollar value. You will recall that these roads are to be as straight as possible and built to withstand loads so as to convey at least an 8-inch gun.

Mr. ROBSON of Kentucky. In 1920 there were two ideas with respect to roads before the country. One was the idea in the bill that Senator TOWNSEND and I had charge of pro-

viding for the present Federal-aid system. At that time the farmers, the automobile associations, and all the others were opposed to this character of road building, but favored the farm-to-market roads. We now have millions of miles of unimproved highways, and I am wondering if we can spend \$8,000,000,000 for this character of road when there are millions of American people still in the mud, and I see that you miss Kentucky and Tennessee and a lot of other States under this plan.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield to the gentleman from Texas.

Mr. McFARLANE. It has been brought out in our committee by the Bureau of Public Roads that such a project as the gentleman is now describing so well has not only proven workable and sound in England, but also in Germany, and it seems to me that such a program would be self-liquidating if carried out along the same lines as the program carried on in England, and I believe if carried out in some such manner it would be highly satisfactory.

Mr. McSWEENEY. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield to the gentleman.

Mr. McSWEENEY. I have a fellow townsman, Mr. Steiner, who, as the gentleman probably knows, is advocating a transcontinental highway of this type.

Mr. SNYDER of Pennsylvania. That is the gentleman I referred to a while ago.

Mr. McSWEENEY. I simply wanted to call the gentleman's attention to that fact.

Mr. SNYDER of Pennsylvania. I thank the gentleman, because I do not want to be put in the position of trying to take any credit from anyone else.

Mr. McSWEENEY. May I ask the gentleman about his plan of liquidating the project?

Mr. SNYDER of Pennsylvania. That would be determined in the final culmination of the set-up or procedure when the bill comes up for final adjustments.

Mr. FADDIS. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. Yes.

Mr. FADDIS. I am very much interested in the gentleman's proposition. I believe such a plan is easily feasible in this country. I believe the time is here when a proposition of that kind can be made self-liquidating, and that it can be financed by a bond issue, liquidated by tolls charged for transportation over the roads. I think it is one of the steps of the very near future.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. Yes.

Mr. MARTIN of Colorado. Referring to the gentleman's statement that the total cost would be about \$8,000,000,000, has consideration been given to a practical means of making it self-liquidating in whole or in part?

Mr. SNYDER of Pennsylvania. Such consideration has been given, but my bill calls for one of three procedures, namely, built by the Government, or let out to private contractors, or let out to private contractors with Federal money on a self-liquidating basis. As the gentleman will recall, I offered a bill a few years ago to make locks and dams self-liquidating. I am not in favor of building locks up and down the rivers which cost millions of dollars, as we have done on the Monongahela and the Ohio and then turning them over. We have just as much right to build roads and turn them over, but I am convinced that the time is here when self-liquidating roads will be patronized sufficiently to pay for them over a period of 20 or 24 or 28 or 32 or some multiple number of years.

Mr. MARTIN of Colorado. I believe some such system as this is necessary, and will yet be realized in this country.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. Yes.

Mr. STEFAN. In order to clarify the cost question, the Members of the House should know that concrete roads do not cost as much as they used to cost. They used to cost \$26,000 a mile for a road 20 feet wide, and today the cost is

approximately \$20,000 for a 20-foot road. The cost of it would depend upon how wide you wanted it.

Mr. SNYDER of Pennsylvania. The roads would be 100 feet of concrete, straight across, leveled on 100 feet on either side. There would be no wires and the lighting system would be at either side. They would be lighted up like Main Street at night, and our airplanes would be flying over a main street from coast to coast. The roads would be divided into sections, and if an airplane should get in trouble he could radio down to a control point and say that he will land in section 17 or 18 or whatever it might be and in a very few minutes he could land safely in that section because traffic would be cleared. These big airports at the 18 inter-sections would be feeders, as the gentleman said, for small roads, marketing roads, and airplane lanes would run into this feeder at different places.

Mr. STEFAN. Is it not true that our road department today is not building Federal-aid highways unless they are accessible to all Army equipment?

Mr. SNYDER of Pennsylvania. That is correct.

Mr. McFARLANE. It is true, as has been brought out in our Committee on Roads, that road construction in our local work program is about to play out, and such a nationalized program would replace the local program, and at the same time would be largely self-liquidating.

Mr. SNYDER of Pennsylvania. I thank the gentleman for his observation.

Mr. FADDIS. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. Yes.

Mr. FADDIS. The gentleman mentioned locks and dams on the Monongahela River. They have been wonderful things for two or three corporations. Here is a plan for putting into operation transportation provisions that thousands and thousands of businessmen could take advantage of instead of their being applied only to two or three corporations.

Mr. SNYDER of Pennsylvania. I thank the gentleman for his contribution.

Mr. STARNES. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. Yes, indeed.

Mr. STARNES. I am very much interested in the gentleman's able contribution to this problem of solving unemployment. Has the gentleman stressed the question of our national defense properly?

Mr. SNYDER of Pennsylvania. I would not say that I had done it properly, but I have stressed it. It is so important that it would take half an hour to do justice to it.

Mr. STARNES. I think this is a real contribution to the question of national defense, as well as to unemployment, and as a means of communication among our people. I compliment the gentleman upon his able work in that connection in initiating this movement.

Mr. SCHULTE. Mr. Speaker, we are all very much interested in the question of unemployment. About how many people would be employed on this plan?

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has again expired.

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent that the time of the gentleman be extended 10 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SCHULTE. Relative to employment, we are all very much interested in it especially at this particular time, how many men will be employed on this project?

Mr. SNYDER of Pennsylvania. Answering the gentleman as to employment, I was informed that the expenditure of \$1,000,000,000 at the present time on a road-construction project of this kind would mean the employment of about 1,600,000 men for a year. If the amount were \$500,000,000, of course, but half that number of men could be employed.

Mr. SCHULTE. Does the gentleman mean that the 1,600,000 would be employed in the collateral industries affected, the steel industry, cement industry, road machinery industry, and so forth, or would this many men be employed as road workers?

Mr. SNYDER of Pennsylvania. I mean they would be employed as laborers; I did not mean the cycle that would take in the ore mines, the manufacturing industries, transportation, and so forth.

Mr. SCHULTE. So, a person would be safe in saying that it would mean the indirect employment of about 3,000,000 people.

Mr. SNYDER of Pennsylvania. I think the gentleman's observation is about correct.

Mr. RIGNEY. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. RIGNEY. I understand that the highway is to be lighted. Would not this make for safety in commercial aviation to a great extent?

Mr. SNYDER of Pennsylvania. I am glad the gentleman called attention to this feature. These great highways from ocean to ocean will do a great deal to make for safety in air transportation. The gentleman feels, I am sure, as I do, that within the next 10 years we shall be able to get in passenger planes carrying 40 people or more in New York and, without intermediate stops, land in San Francisco 10 hours afterward. They would not come down, of course, between New York and San Francisco unless something went wrong, but if anything did go wrong they could land safely at any one section on such highway.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mrs. ROGERS of Massachusetts. I think if the gentleman would study the map a little more he would find that a road that came down from Augusta through Lowell would be much more satisfactory and that it would take care of a great many more people. [Laughter.]

Mr. SNYDER of Pennsylvania. I thank the gentlewoman from Massachusetts for her observation.

Mr. KITCHENS. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. KITCHENS. Does not the gentleman think that his map would look a little better if he had another road running across the country from the northeast to the southwest running through Arkansas, for example? [Laughter.]

Mr. SNYDER of Pennsylvania. I may say to my friend from Arkansas that the exact details of the location of these highways will be worked out later. We had to get a general plan for a start, but it would deviate from the plan as the Army engineers may think best. My bill calls on the Army engineers to determine the exact location.

Mr. KITCHENS. I appreciate very much the plan and proposal the gentleman has submitted. I am much more in favor of this type of national defense than I am of spending so much money on the Army and the Navy.

Mr. SNYDER of Pennsylvania. I thank the gentleman for his contribution.

Mr. MEEKS. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. MEEKS. I notice that the highway from Baltimore to San Francisco is so located that it departs from the route of the present national highway to Indiana and Illinois especially. The gentleman has taken it out of a line of towns that the national highway now travels through. He has taken it away from Terre Haute, a city of 70,000, and put it through Crissman, Ill., and has run it through on Highway No. 121 in Illinois. What is the reason for this?

Mr. SNYDER of Pennsylvania. I may say to the gentleman from Illinois that my bill calls for a road that does not go through a city, if it can be avoided.

Mr. MEEKS. That is the reason for making the relocation?

Mr. SNYDER of Pennsylvania. That is it exactly.

Mr. MEEKS. A number of other similar bills are pending. Is this also true of these bills?

Mr. SNYDER of Pennsylvania. I am sorry, but I cannot answer the gentleman.

Mr. SCHULTE. Mr. Speaker, will the gentleman yield further?

Mr. SNYDER of Pennsylvania. I yield.

Mr. SCHULTE. I would ask the gentleman whether the railroads would not be affected by such a system of highways. The railroads have asked for a 15-percent increase. By granting this increase are we not just delaying the inevitable end for the railroads?

Mr. SNYDER of Pennsylvania. That is what many believe.

Mr. SCHULTE. Because, sooner or later they are going to sink of their own weight.

Mr. SNYDER of Pennsylvania. I know many people think so.

Mr. SCHULTE. The Government is going to have to take them over and operate them, whether they want to or not, some of these days.

Mr. SNYDER of Pennsylvania. That is what a great many people think.

Mr. Speaker, I yield to the chairman of the Committee on Roads.

Mr. CARTWRIGHT. Mr. Speaker, the gentleman from Pennsylvania [Mr. SNYDER] and the gentleman from West Virginia [Mr. RANDOLPH] have been pioneers in advocating consideration of the desirability of building superhighways, and both have introduced bills dealing with this big subject.

In May of last year I was glad to arrange for public hearings before the Committee on Roads on three superhighway proposals which were pending at that time, at which many important facts and interesting arguments were brought out and a historic record was made.

Unquestionably, there is a growing interest in superhighways. In the beginning most people considered any proposal of this kind as just a beautiful dream. But the sentiment for superhighways has been steadily increasing, and I think will continue to increase. Those who have been giving the most thought to our highway problems believe that not only are the so-called superhighways definitely in the picture for the future but that the time is here when we should begin to plan them, especially between the large metropolitan centers where there are large intercity movements of traffic.

One of the big problems is the acquisition of the land for rights-of-way. If a practical plan can be worked out to finance the cost of the needed land, possibly by obtaining excess land for sale or lease after the new highway is built, so that only the cost of the highway will have to be liquidated by toll charges, it will be a long step on the road to superhighways.

I do not think we can consider the superhighway as a substitute for our present system of State roads which the Federal Government has been helping to build. And it should be remembered that there are still many gaps in our State systems which have never been improved to a satisfactory standard, as well as many more thousands of miles that need to be modernized—rebuilt, widened, or relocated. And there are also thousands of bridges on our present road system which need to be widened or rebuilt in the interest of safety.

I have been glad to cooperate with the gentleman from West Virginia [Mr. RANDOLPH] and the gentleman from Pennsylvania [Mr. SNYDER], who have been specially interested in superhighways, in helping them to obtain consideration of their proposals. Today I had lunch with the distinguished Senator from Ohio [Mr. BULKLEY], who is the author of a bill recently introduced in the Senate proposing to build a national system of superhighways, and I am glad to see the interest and discussion which his proposal has brought forth.

While no definite action has been taken yet, I think it is not unlikely that the House Roads Committee will report a bill within the near future providing for some definite study and preliminary planning along this line.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, I believe this is both a serious and an important matter. It has become serious because of the unemployment problem and if we realize that our economy will not work and provide sufficient employment if we de-

pend upon such industries as produce food, clothing, and shelter, we will then realize that in order to keep our people occupied, we will have to develop other means of providing work. Here is where the importance of the question enters.

One finds a whole lot of interesting material to talk about in the development of leisure time. I find in the amusement and entertainment field possibilities that must be explored if we are to solve the unemployment problem. But while considering the consuming possibilities of leisure time, we must attend to the immediate task of finding jobs for our people. I really believe that the day of the transcontinental toll road is here, because we have exhausted to a very marked degree work projects that we have heretofore found for our people. I mean by that, such projects as the P. W. A. and the W. P. A. have been doing. We must go into another field, and the field the gentleman from Pennsylvania presents is a very interesting one. It is a field that commands our thought and attention if we are to solve the employment problem. We cannot muster our unemployed into the Army as has been done in European countries. We want constructive work projects. I therefore congratulate the gentleman on developing a very interesting problem. International as well as transcontinental toll highways will soon become realities. The use of these roads will or should require sufficient tolls to pay for them.

Mr. SNYDER of Pennsylvania. I thank the gentleman for his contribution. I was wondering whether it would help the mail situation.

Mr. MEAD. It would help the mail.

Mr. SNYDER of Pennsylvania. Mr. Speaker, through the courtesy of the gentleman from New York [Mr. SIROVICH], who gave me his place, I am going to ask the Members not to request additional time. However, I am going to ask them for their hearty cooperation from now on in seeing what we can do toward bringing about the fulfillment of some procedure along these lines.

Mr. ANDERSON of Missouri. Will the gentleman explain why the highway goes from Springfield down to Phillipsburg, then back up here instead of going straight across?

Mr. SNYDER of Pennsylvania. The gentleman was not here when I answered that question.

[Here the gavel fell.]

The SPEAKER pro tempore. Under a previous special order of the House, the gentleman from New York [Mr. SIROVICH] is recognized for 1 hour.

Mr. McCORMACK. Will the gentleman yield for a unanimous-consent request?

Mr. SIROVICH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter which I sent to Aubrey Williams, Acting Administrator of the Works Progress Administration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MEAD. Will the gentleman yield further for a unanimous-consent request?

Mr. SIROVICH. I yield to my colleague from New York.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech delivered by the United States attorney in my own district on the subject of the Federal Government.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNYDER of Pennsylvania. Will the gentleman yield for a unanimous-consent request?

Mr. SIROVICH. I yield to the gentleman from Pennsylvania.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I ask unanimous consent that all those who spoke on the matter about which I addressed the House a few moments ago may have the privilege of extending their own remarks in the RECORD on that subject.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. O'CONNELL of Montana. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Montana.

Mr. O'CONNELL of Montana. Mr. Speaker, this morning the Washington Post carried the story that in an address before the members of the Abraham Lincoln Brigade in convention assembled I attacked the very able, the very distinguished, and very honorable chairman of the House Committee on Foreign Affairs, and that I referred to him and attacked him as a Fascist and a Tory.

I rise at this time to say to the gentleman from Tennessee, and I have already talked with him this morning, that I made no such attack on him; but in discussing the present neutrality law I referred to it as the McReynolds bill and said it was a Tory and a Fascist piece of legislation.

Mr. Speaker, I have the highest regard in the world for the distinguished gentleman from Tennessee. I admire his ability and I have nothing against him personally. I am therefore sorry anything of this kind occurred. I agree with the speech the gentleman made on November 17, 1937, in which he stated it is high time that America do away with its isolationist policy and go on an aggressive peace-policy basis, something that will define the difference between an aggressor and the victim.

I thank the gentleman from New York [Mr. SIROVICH] for yielding.

Mr. ANDERSON of Missouri. Mr. Speaker, I suggest the absence of a quorum.

Mr. SIROVICH. Will the gentleman withhold that? I am satisfied to proceed.

The SPEAKER pro tempore. The Chair will count.

Mr. ANDERSON of Missouri. Mr. Speaker, I withdraw the point of order.

The SPEAKER. Under special order the gentleman from New York [Mr. SIROVICH] is recognized for 1 hour.

Mr. SIROVICH. Mr. Speaker, the most terrible word in the dictionary is not war or epidemic or earthquake, but inquisition—the reign of terror imposed upon man in the name of a dogma or a holy principle. The inquisition as an institution is no longer in existence, but the inquisition as a principle is still a driving force in world history and as such is as active today as ever.

In speaking of the inquisition, I have in mind the Spanish Inquisition, which began in 1481 and was presided over by the grand inquisitor, Thomas Torquemada, who often was tremblingly remembered as Torquemada the Terrible, or Torquemada the Cruel, the Hitler of his day. The Spanish Inquisition was not established by the Catholic Church. In fact, Pope Sixtus IV denounced its brutalities, barbarities, cruelties, and viciousness. Many other popes adopted a similar attitude, and the head of this Spanish Inquisition, Thomas Torquemada, was excommunicated by the Catholic Church for violating its decrees and acting contrary to its spirit, while his followers were outlawed. Still the Spanish Inquisition continued officially for more than 350 years, ending in 1834.

When we speak of the Spanish Inquisition, we are reminded of its terrible dungeons, its shocking torture chambers, its galleys, and its mass burning parties of human beings known as auto da fes. We are reminded of the most appalling crimes committed against man and God by sadistic fanatics in the name of some abstract principle of theology. We are reminded of the bestialized men who by torture and terror forced their fellow men to denounce relatives and friends, thereby delivering them to the agents of the inquisition. Thousands of men and women who were suspected of nonconformity were thrown into deep dungeons known as "muris strictus," or "narrow walls," where the prisoner, chained to the walls, had room only to stand erect and to receive the bread and water of affliction. If after a long confinement in these dungeons the will to truth of the accused was still unbroken, he was put to the rack, and if physical torture and spiritual torment proved of no avail,

the accused was condemned either to perpetual imprisonment or to be roasted alive at the stake on the horrible auto da fe.

Since the day of its inception on February 6, 1481, when 6 men and women were burned at an auto da fe in Seville, to the year 1834, when the Spanish Inquisition officially discontinued its operations, 44,658 persons were burned alive, 180,000 persons were burned in effigy and their property confiscated, and 340,241 persons were condemned to prison and torture. Such is the gruesome and appalling record of the Spanish Inquisition, which not only consumed its victims but devastated and devitalized Spain itself and reduced the mistress of the New World and the greatest power in Europe to the position of a forgotten nation and a forsaken land.

On the personal side the Inquisition, as an inferno and as the greatest exhibition in history of barbarity and beastliness, was the creation of three highly abnormal personalities—King Ferdinand of Spain, the most unscrupulous ruler in all history and the prototype of Machiavelli's Prince as the ideal of the remorseless ruler; his Queen, Isabella, daughter of one mad princess and mother of another; and the Grand Inquisitor, Thomas Torquemada, whose blood-thirstiness and joy from the sufferings of others are traceable to an intense form of dementia. "The Inquisition," says Salvadore de Madariaga, the greatest Spanish scholar of our time, "was conceived and founded as a department of state outside of the jurisdiction of the church and its bishops." This is not the only time that the Catholic Church has been misused by unscrupulous rulers, potentates, tyrants, and despots to attain their sinister ends. For more than a thousand years the great Catholic Church had been the repository of knowledge and the source of culture and civilization in the Western World. It can rightfully claim to have been the only moral, humane, and intellectual force during barbarous times. Therefore, the Catholic Church cannot be held responsible for crimes committed in its name or against its principles and traditions, which it always fought for and maintained for the benefit of the people who were members of its faith.

It was the Inquisition with its reign of terror that forced upon its peoples, races, and religions in the Spanish lands—Christians, Jews, and Moors—and upon its many principalities one religion, one church, one racial rule, and one authority. Of all the European countries, Spain is the least equipped for a highly centralized government. Its vast mountain ranges and deep valleys separating one province from another are conducive of sectionalism and separatism. To impose a centralized authority and a totalitarian regime upon such a highly individualistic people, the bloody Inquisition was introduced. The fifteenth century despot, Torquemada, created the pattern and established the formula for the twentieth century dictator—Hitler.

Inquisitorial Spain is an exceptional example of how a purely philosophical principle can be distorted and misused to serve inhuman purposes. St. Augustine, whose ramified system of theology and philosophy was the spiritual springboard not only of the Middle Ages but of many tendencies in modern times as well, was the greatest and most brilliant religious figure of the first 10 centuries following the time of Christ. He imposed his powerful and gifted spiritual personality upon 30 generations of men. Truly can it be said of him that he was the founder of the Western Church and the preeminent scholar of early Christianity. The period which St. Augustine ushered in is distinguished by its deep social pessimism. Fundamentally, he taught man is sin-laden and filled with evil, needing an absolute authority such as the church to guide him. This made the church the supreme authority in spiritual matters.

St. Augustine divided humanity into two categories, the one predestined to eternal grace, the other to everlasting damnation. The latter included the vast majority of the people, the former a small minority of saints and sages divinely endowed with the right and duty to lead the masses and to impose their spiritual will upon them by force, if

necessary. Out of this spiritual division of humanity and the basic conception of the inequality of man sprang the political despotism, medieval authoritarianism, and totalitarianism of the Spanish Inquisition, which represents the most relentless and pathological distortion of the collective spiritual theological doctrine of predestined grace and damnation, for the economic, political, and militaristic exploitation of the Spanish people under Torquemada.

The Spanish Inquisition, whose spirit is again hovering over the whole world and is once more dividing humanity into two halves, aspired to an order of things which is strikingly reminiscent of the modern totalitarian state. It aspired to one-party rule, outlawing all other parties; to a complete suppression of personality; to a complete enslavement of the masses and the debasement of the people; to imperialism and militarism; to political absolutism; and to the deification of the state, which the church was made to serve. Long before the Nazis in Germany invented the racial passport, the Spanish Inquisition had already discovered the certificate of racial purity known as the *limpieza*, though Spain racially was no purer than is Nazi Germany. Adolph Hitler can claim a tradition 450 years old. His alleged brand-new theories of the State, society, art, finance, economics, and religion are in fact copied from inquisitorial Spain, the first Fascist state in Europe. Like the modern Fascist state, inquisitorial Spain said to the individual "Accept our beliefs, doctrines, principles, and ideas or forfeit honor, freedom, security, wealth, and life."

The Spanish Inquisition was the first political agency in the Western World to purge and liquidate its opponents. It was the first institution to perfect the principle of absolute rule or dictatorship, to introduce torture and sadistic cruelty to punish their spiritual opponents, to identify race with state and to deify race and state. It was the first agency in the Western World to say to man that the salvation of his soul was more important than the welfare of his body, and even of his physical existence. Consequently, the Inquisition tortured and destroyed the body so as to save the soul, in the name of a dogma or holy principle. The Spanish earth is reddened with human blood in the name of the Prince of Peace.

For many centuries racially diversified Spaniards, Basques, Castilian, Catalans, Moors, Mohammedans, and Jews lived peacefully side by side in the Spanish peninsula, each performing a valuable function, each making a definite contribution to culture and the civilization of Europe, mediating between the then flourishing Orient and the still primitive Occident, and preserving for the Occident the cultural heritage of classical antiquity. The cultural creativeness especially of the Moor and Jew aroused the wrath and envy of the representatives of inquisitorial Spain, culminating in the forcible expulsion of Moor and Jew from the land which they had enriched for many centuries. In uprooting and destroying an organic part of the native population, Thomas Torquemada furnished the example for Adolf Hitler.

Like every other sinister force in history, the Spanish Inquisition, too, outgrew the scene of its original activities and spread to many parts of Europe, becoming, in the course of time, a great driving force in the political, economic, social, and religious life of the European Continent. The spirit of the Spanish Inquisition continued and extended itself in the violent acts of the Counter-Reformation, in the St. Bartholomew Massacre, the most terrible purge in all history, and in the Spanish end of the monarchomachic movement which lasted until the seventeenth century and whose leaders taught that it is permissible to assassinate kings and potentates who tolerate nonconformists.

As a reaction to the spirit of the Inquisition, with its mixture of mysticism and sadism, the enlightenment movement was born in western Europe at the end of the seventeenth century. Its purpose was primarily to overcome and to remove the evil genius of Torquemada from the fabric of European life. It rejected everything that the Inquisition had established—political despotism, the suppression of the personality, the suppression of thought and conscience, a highly

centralized authority degenerating into authoritarianism and the machiavelian principles in political life. It affirmed an optimistic outlook on life conducive to personal freedom, the individual pursuit of happiness, religious tolerance, the sovereignty of the mind, and the emancipation of the masses. This movement spread over Europe, with the exception of Spain where the grand inquisitor still reigned supreme and where the final will and testament of the king always began with the words, "I admonish my successor to uphold the Inquisition, to protect and guard it, and always to come to the rescue of its leaders and agents." While all the European nations prospered spiritually and progressed culturally under the spell of the enlightenment movement, Spain sank deeper and deeper into poverty, ignorance, and superstition until finally it became forgotten and forsaken. Yet despite the destructive effects of the Inquisition upon Spain, the rulers of the Spanish people continued to cling to the institution of Torquemada until the fourth decade of the nineteenth century.

Since the seventeenth century the people of Cervantes, Velasquez, El Greco, Murillo, De Vega, and Calderon, virtually disappeared from the realm of European realities as the result of the operations and activities of the Inquisition. As a political power Spain was replaced by England and as a cultural power by France. But in spite of these great historical changes and developments, the hold of the spirit of the Spanish Inquisition upon the political leadership of the great western powers was still so great that three revolutions were required to break it—the English Revolution, the French Revolution, and the American Revolution. It was these revolutions that emancipated individual man from the forces of medievalism, from the shackles of spiritual collectivism, from the chains of authoritarianism, and fully established the authority of man's reason.

But in spite of the complete break with medievalism, brought about by these revolutions, Torquemada's ghost was by no means destroyed for no sooner did the enlightenment movement spend itself when the spirit of Spanish Inquisition, with its postulate of political absolutism, reasserted itself again after the Napoleonic wars in the form of the Holy Alliance, whose purpose was to overawe and destroy the forces of liberalism. But the Holy Alliance, consisting of three despotic States—Russia, Austria, and Prussia, with their counter-revolutionary aspirations, proved to be only an episode in modern European history, for by the middle of the nineteenth century the forces of liberalism and democracy began to regain their ascendancy and overwhelmed the structure established by Metternich, the managing director of the Holy Alliance. When the Holy Alliance, representing the last tremor of the spirit of the Spanish Inquisition in the nineteenth century was finally liquidated, Europe reestablished a liberal order which remained the dominant tendency from the middle of the nineteenth century to the outbreak of the World War. Modern science, exchange economy based upon modern industrialism, and parliamentary democratic government, are the heritages of that age.

The last half of the nineteenth century witnessed the economic, cultural, and territorial enrichment of many nations. England, France, Germany, Austria, and Italy moved from strength to strength, riding in on the tidal wave of nineteenth century progress. Only Spain was not a party to this tendency, steadily losing ground until, as a result of the Spanish-American War she lost her last holdings in the New World. The once mighty Spain was now impotent and sterile. What an irony of fate. What a tragic retribution.

The economic and political developments in the west, spelling continued progress, were also attended by spiritual advancement. The modern state as it freed itself from the spirit of the inquisition, began to identify itself with humane interests, caring for the sick, helping the poor, assisting the downtrodden, and assuming obligations for those less favored by fate. New social legislation was introduced in every west-

ern parliament, and laws guaranteeing a minimum of social and economic security to the underprivileged were adopted. This social legislation and general spirit of humanitarianism developed the moral sensibilities of men, leading to a greater appreciation of the individual and his worth. These spiritual and moral processes continued until the World War, in the course of which human life was cheapened, debased, and degraded. A modern, liberal, and progressive Europe went to war, and a medieval, demoralized, debased, and regimented Europe returned from it. The mass butcheries of the World War made man forget to think in terms of personality and taught him instead to think in terms of the horde—of the regiment, the brigade, the army corps. He ceased to move freely as he did before the war and commenced to move only according to given orders. It was on the blood-drenched battlefields of Europe that free man was destroyed, and from the shell-torn battlefields a dehumanized, brutalized, and regimented humanity emerged. It was in this tragic hour of European history that the spirit of the Spanish Inquisition, always lurking behind the scenes, awaiting its opportunity, once again overwhelmed and devitalized a dispirited, impoverished, debased, and barbarized humanity. Before the returning soldiers could exchange their uniforms for civilian dress Torquemada's spirit again was permeating Europe, inspiring the new dictators to resort to his old bag of tricks. Wherever this accursed spirit rose to power it suppressed freedom of speech and assembly, freedom of thought and conscience, freedom of movement and action, and reduced the individual to an insignificant atom in the political and economic structure of the state. Wherever it rose to power it dismantled universities and transformed them into centers of Fascist propaganda. By enslaving the human mind and driving the most creative spirits out of their countries it destroyed cultural creativeness and paralyzed the best energies in the nation.

Few of us fully appreciate the devastating effects of the modern dictatorships upon the cultural life of the nation it overwhelmed. No great work of art, literature, science, or philosophy has come out of any of these dictator- or inquisitor-ridden states. Their specific gifts to humanity are bigger and better barracks, bigger and better regiments, more concentration camps and jails, more torture chambers, but less food for the people. The slogan of the modern dictator is "More cannon and less butter," "More concentration camps and fewer schools," "More military exercise and less mental effort." That order which was symbolized in inquisitorial Spain by the slogan "Spain for the Spaniards," has been adopted, parrotlike, by the modern dictatorships who shout "Germany for the Germans," "Rumania for the Rumanians," "Poland for the Poles," with the consequence that the ethnic and religious minorities in the modern dictator state are subject to the same cruelties, to the same tortures, and to the same outbursts of sadism as were the religious and ethnic minorities in the Spain of Torquemada. Never in the history of Europe have two movements and two tendencies of life so resembled one another as the Spanish Inquisition and the modern dictatorial states. Both are animated by the same spirit, the spirit of fanaticism, intolerance, and oppression; both have the same objectives, to reduce man to a tool in the hands of the despot; both use the same methods in the struggle with their opponents—oppression, torture, confiscation of property, and murder; both betray the same contempt for the human personality, for man's reason and his inalienable right to freedom and the pursuit of happiness; both aspire to one and the same goal—the perpetuation of an absolute, totalitarian, and authoritarian order of things maintained by force and terror. The inquisition announced that its rule would last for all eternity, while Hitler, being more modest, does not expect his rule to last more than a thousand years.

As a result of this resemblance between the inquisitorial and the dictatorial states, it cannot be a matter of indifference to the latter whether the new Spain, having just overthrown its medieval order of things, adopts a positive or a negative attitude toward Torquemada's gift to humanity.

Spain being a land laden with tradition, could rid itself but recently of its medieval luggage. Not ideas as much as poverty and oppression brought out the fall of the old order in the Spain of 1931. A country in which the great landowners, comprising but 1 percent of the population, owned 51 percent of the arable land; a country in which 70 percent of its population were illiterate; a country in which a million agricultural laborers earned less than a peseta a day—a paltry 8 cents; a country in which 1 percent of its people owned 57 percent of its industrial wealth; a country in which the majority of the rural population lived a life of such fabulous poverty that existence was sustained by an inadequate diet of inferior vegetables and fruits, and yet which paid more than one-half of the tax levied on the Spanish land, was surely ripe for revolution. When it finally occurred 7 years ago, the republican regime approached the land problem very timidly, fearing the combined opposition of the feudal lords and their ally, the military, consisting of 22,000 officers of an army of 120,000, forming a state within a state. The very proposal to divide the great estates of the absentee landlords called forth a powerful reaction, raising to power and office such violent reactionaries as Gil Robles and Alessandro Lerroux, who used and abused their office to organize the military so as to overthrow the Republic should it dare to seek a just and permanent solution to the agrarian problem. Despite their bloody suppression of agrarian and industrial revolts during 1934-35, even the reactionaries were convinced that new elections would return a liberal and democratic majority to the Spanish Parliament. And when in February 1936 their political expectations were fulfilled and the Spanish people in a free election participated in by all parties returned a preponderantly liberal majority to the Cortes, the heirs to Torquemada's order began to prepare to overthrow and destroy the Republic. Three main elements combined in this conspiracy against the Spanish Republic—the army officers who in Spain are organized in a professional trade union to defend their interests even against the Government, the grandee landlords, and the reactionary industrialists headed by Spain's richest man and greatest illiterate—that prince of Spanish smugglers, Juan March, the ultimate financier of the rebellion against the Government. To make certain that their treachery would triumph, the army officers, grandee landlords, and reactionary industrialists allied themselves with the agents of the Fascist powers of Europe to whom, in exchange for military support, they offered Spain's natural resources as collateral.

Today it is a matter of historical record which no one denies any longer that long before the first shot was fired in the Spanish civil war, the agents of the Fascist powers, together with the traitors to the Spanish Republic, carefully planned and organized all the details of the revolt against the duly constituted government of the country. The rebellion which broke out on July 17, 1936, was not the spontaneous affair of an allegedly outraged population, but the planned and deliberate work of traitors, conspirators, and foreign agents.

Soon after the Nazi diplomatic and consular agents were withdrawn from Spain, the authorities in Barcelona and Madrid discovered documentary evidence of systematic Nazi conspiracies against the Republic, some of these compromising documents dating as far back as 1934. The Nazis understood that the normal development of the Spanish Republic must be a source of strength to France and to democracy in general. To encircle France and to dig a grave for European democracy, the destruction of the Spanish Republic was decided upon in Berlin. It was with these arch enemies of liberal and democratic Spain that Franco entered into a conspiracy. And Mussolini was not slow to follow the Germans, for Fascist Italy had the same interest in destroying the Spanish Republic as did Nazi Germany, both governments being especially interested in laying their hands on Spain's natural resources.

Franco, himself, primarily was concerned in perpetuating the power of the Spanish military junta and in protecting the

interests of the feudal lords and industrial barons, who were shamelessly exploiting the Spanish workingmen, paying them less than starvation wages, which was from 2 to 3 pesetas a day—from 16 cents to 24 cents a day. This situation was about to be corrected by the Republic through appropriate social and economic legislation. To forestall this progressive step, the militarists, the feudalists, and the industrialists united in an organized conspiracy against the young Republic.

Francisco Franco wages war against the Spanish Republic with the help of Mohammedan Moors and Nazi pagans. Therefore, he cannot honestly say that he is fighting to preserve Christianity. Encouraged and supported by the feudal grandees Franco cannot honestly say that he is fighting for the Spanish peasant. Financed by the captains of industry and big business, who make no bones of their contempt for labor, Francisco Franco cannot honestly claim that he is waging a war for the emancipation of labor. What then are the war aims of General Franco, whose paroxysm of self-centered patriotism and hatred has already devastated a half of Spain and taken a toll of hundreds of thousands of human lives. From his administrative acts during the past 18 months, his war aims can be clearly formulated as follows:

First. A revived and savage nationalism and racialism symbolized by a new *limpieza*.

Second. A religious and intellectual totalitarianism on a scale worthy of the Nazis and reminiscent of Torquemada.

Third. Political absolutism denying to the Spanish people any freedom of thought, expression, or action, and in line with the basest traditions of Ferdinand and Isabella.

Fourth. Militarism as the arm of Franco's reestablished inquisition.

Fifth. The perpetuation of a feudal order and the economic exploitation of religious and political nonconformists expressing itself in the confiscation and expropriation of the property of his opponents.

To Franco belongs the credit that in his zeal to reestablish the Inquisitorial order he has even excelled his inspiration and master, old Torquemada himself. There is no record to show that Torquemada ever executed as many as 3,000 nonconformists in one city. But, according to an undenied dispatch in the New York Times of January 16, 1938, Franco executed 3,000 civilians in the small city of Teruel—one-fourth of its entire population—whom he suspected of Loyalist sympathies. His appalling cruelties in the ancient Catholic holy city of Guernica, belonging to the ancient, loyal, Catholic Basques, where his brave Nazi German allies bombed and laid waste this purely civilian town with its ancient religious shrines and holy places, and ruthlessly and systematically machine gunned and murdered virtually the entire fleeing civil population, estimated at 8,000 souls, must have caused even a Torquemada to shudder in his grave. And what was his justification for the murder of scores of arrested Basque Catholic priests whose only crime consisted in seeking to defend their religious liberties and venerable traditions of political independence? Franco's reasons for these shocking crimes were no better than those which caused him to shoot every Protestant pastor and Free Mason whom he was able to seize within his territory. All these barbarities, perpetrated in the name of patriotism and religion, were for the purpose of imposing his rule upon an unwilling population, who but 2 years ago, in the last popular expression of their political will, rejected categorically the entire political, cultural, and economic order which Franco represents. The grand inquisitor, Thomas Torquemada, with a semblance of reasonableness, could claim that he represented the will of the Spanish people. But Francisco Franco, his native legatee, cannot rely even upon such dubious representations. Torquemada did not call in Moors and German Nazi pagans and Italian Fascists to enforce his will, as does "El Caudillo," "The Leader," Francisco Franco. Torquemada honestly, though mistakenly, believed himself to be serving the interests of his own country, but Francisco Franco is serving the interests of Germany and Italy. His civilian population he represses with

the aid of the Blackshirt Italians, religious conformity he enforces with the sensitive help of the pagan German Nazis, and his Spanish soldiers are being kept in line with the assistance of the patriotic Mohammedan Moors, who apparently relish this glorious opportunity to avenge the cruelties perpetrated upon their people by Torquemada.

The principal Fascist power in Europe, appreciating the importance of a Fascist victory in Spain and hoping that Franco's victory would tip the scale in favor of fascism in the western world, are supporting him with men, money, and munitions. At present 150,000 black-shirt Italians and 25,000 Nazi Germans are fighting on the side of Franco to destroy the Spanish Republic. According to a report circulated widely in the American and English press, Germany is involved in Franco Spain to the tune of \$200,000,000 and Italy in the sum of \$140,000,000. For these military, political, financial, and ideological reasons neither Germany nor Italy can disentangle herself from the Spanish situation without serious damage to prestige and prowess. The probability is that, far from withdrawing from the Spanish adventure, each will continue to pour in more men, millions, and munitions and continue the struggle for the Fascist redemption of Spain even though the entire Spanish people be destroyed in the process. What matter if Spain perish so long as its soul is saved for fascism.

While a final Franco victory is far off, it is not out of the realm of probabilities. But what would such a victory signify, and what bearing would it have upon western civilization? A Franco victory would mean the Fascist encirclement of France on three borders, thereby immobilizing her as a great power. With Italy controlling the principal Mediterranean ports of Spain, the French Republic would be at the mercy of Mussolini and with the Spanish Moroccan port of Ceuta now held and fortified by the Germans, Gibraltar, as well as the entire Mediterranean life line of Great Britain would be imperiled. A Franco victory would complete the Fascist conquest and subjugation of Europe, forcing a medieval order upon the entire European world. Neither France nor England could hold her own in the face of a completely fascized Europe. The United States would remain as the sole surviving democracy, facing not only a Fascist Europe but, in view of the successful Fascist propaganda in South America, a hostile Western Hemisphere as well. Aloof though we wish to remain from the Spanish tragedy, the conclusion becomes inescapable that the outcome of the civil war in Spain must affect greatly not only our position as the leading democracy in the world, but our very security as a nation. But what are we doing to help democracy to survive and thereby fortify our own security? So far everything we have done tended to assist fascism everywhere, and not only to penalize democracy abroad but even to jeopardize its very existence. The American Neutrality Act which was promulgated for the purpose of keeping this country out of foreign wars, so far, has had the effect of depriving duly constituted governments fighting to preserve democracy and independence of the possibility of maintaining themselves against traitors and Fascist invaders. To Germany and Italy we cheerfully sell arms and munitions, which in turn are transhipped to Franco Spain. American-made bombs sold formally to Germany are laying waste undefended Spanish cities. But at the same time we refuse to sell arms and munitions and even antiaircraft guns to the duly constituted and popularly elected Government of Spain. Should Franco's arms be victorious and should thereby a new middle ages descend upon the world, America will have to bear a major share of the responsibility.

We protest against the bombing of open and undefended cities within republican Spain without fully realizing that we, too, are partly responsible for the havoc and destruction resulting from these bombings. Can we continue this policy of promoting fratricide in Spain without burdening our conscience? The least we can do in this Spanish catastrophe is to deal fairly with those who now are shedding their blood for their national independence, territorial integrity, political liberty, and religious freedom and make available to them

at least the opportunity to purchase the arms and munitions and antiaircraft guns that they need so desperately in their struggle against the new inquisition. Such a just attitude toward the cause of Spanish democracy necessarily must lead to the repeal or revision of our Neutrality Act, whose consequences at present tend to involve rather than keep us out of war.

Like many decisive battles in the past, the Battle of Madrid, too, will decide the destinies of many future generations and the fate of states and entire continents. The United States still has it within its power to help decide the fate of that battle in such a manner that the outcome of the civil war may not engulf western civilization in its greatest tragedy since the days of Attila. To prevent the victory of Torquemada's spirit, to save France and England and the cause of democracy in general from the terrific Fascist onslaughts, and to prevent our own political and spiritual isolation in a hostile Fascist world, we are bound in duty and honor to give a new deal to struggling democracy abroad by embargoing oil, arms, and munitions to those powers who are at war with the Spanish Republic and to enable republican Spain to continue the struggle for its very existence as a free and independent nation.

Mr. Speaker, the Battle of Madrid will seal not only the future destinies of the Spanish people for decades to come but also will determine the political and spiritual future of Europe for several generations. The Battle of Madrid will decide whether democracy and political and spiritual freedom shall prevail or whether autocracy and political and spiritual despotism shall be perpetuated. The Battle of Madrid will decide whether or not the struggle for the emancipation of man waged during the last 400 years has been in vain. Should Franco emerge the victor from the fateful Battle of Madrid, the night of medievalism once again will descend over all Europe and nullify all the accomplishments of the Renaissance, the Reformation, and the three great political revolutions in England, France, and the United States, which had spelled the end of the first middle ages in the Western World.

Mr. Speaker, can the American people remain indifferent to the possibility of a new medieval Europe? Can the United States remain indifferent to a resurgent spirit of feudalism, militarism, and despotism as visualized by the Fascist powers? With Spain a prey to Mussolini and Hitler what can the other nations of Europe look forward to? Can America hope to remain immune from attack if the entire European continent groans under the heel of the Fascist despot?

Mr. Speaker, the United States cannot possibly desire a Fascist victory in Spain. Such a victory, by necessity, must spell the triumph of fascism in the whole of Europe. The United States must not help to dig the grave of European democracy. The blood of our heroes of the World War cries to us from their graves: "Democracy and freedom are in danger; they must be preserved that we may rest in peace. Let us not assist Franco, Hitler, and Mussolini. Let us not revive the spirit of Torquemada, the spirit of fanaticism, the spirit of beastliness."

As long as there is a duly accredited Spanish Ambassador in Washington and an American Ambassador to Madrid, we must not deny to the legally constituted Government of Spain the right to buy in America antiaircraft guns, arms, and munitions that it may defend itself against traitors and invaders. We cannot pay lip service to democracy and at the same time, by our moral indifference, contribute to the cause of fascism.

Mr. Speaker, history has demonstrated that the future destinies of generations of men and of cultures of countries and continents are decided on the field of battle. In ancient times the Battle of Salamis decided that Hellas and not Persia become the spring and fountain of western culture. Later the clamoring and shouting of Cato the Elder from the rostrum of the Roman forum, "Delenda est Carthago" ("Carthage must be destroyed") culminated in the final triumph of the civilization of Rome over the despotism

of Carthage. The battles of the Crusaders determined that Christianity and not Islam become the prevailing religion in the western world. The Battle of the Spanish Armada in 1588 signified the downfall of the Spanish and the rise of the British Empire and the victory of Anglo-Saxon over Spanish civilization. The Battle of Waterloo assured a European Continent of free and independent nations in place of a Napoleonic empire. The World War, in the words of Woodrow Wilson, the greatest spiritual representative of American democracy, was fought to make the world safe for democracy. But Woodrow Wilson was 20 years ahead of his time, for the World War did not definitely decide the final outcome of the issue upon which it was fought. Although it resulted in the overthrow of the Hohenzollerns, Romanoffs, and Hapsburgs, other and more dangerous despots in the persons of Mussolini, Hitler, and Franco rose in their place in an effort to destroy democracy entirely. The battle to make the world safe for democracy is being fought at this very moment before the gates of Madrid.

The role assigned to America in history is to act as the messiah of democracy. Let us therefore resolve that no legal technicalities may make America the Judas of democracy.

Mr. Speaker, freedom of speech and assembly, freedom of the press and action, freedom of religion and conscience must be preserved everywhere if democracy is to survive. As ancient and independent Rome cried out uncompromisingly, "Delenda est Carthago" ("Carthage must be destroyed") so must we, with firm resolve, continually exclaim, "Delenda est Nazismus, Fascismus, Francoismus" ("Fascism, nazi-ism, and Francoism must perish that democracy may live!"). [Applause.]

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. SIROVICH. I yield very gladly to the gentleman from Nebraska.

Mr. STEFAN. The gentleman always amazes me with his great retentive mind. His, in my opinion, is one of the great minds of America. He always makes a masterful address in this House, which, I believe, most men listen to with gratification. I wonder if the gentleman would enlighten the Members of the House with an explanation of the evolution of the individual in the historic fabric of the world?

Mr. SIROVICH. The great philosopher, scholar, and poetic genius Goethe once remarked that there are two souls within the breast of every human being. The first represents the individual, the second represents the mass group or herd. The individual typifies the selfish and antisocial feeling that is prevalent in all of us. The mass instinct is the great social, collective instinct that we all feel for our fellow man. These two antagonistic forces represent the polaric tension between them. Man's inner struggle arises from this dual nature—antisocial and social feeling—which is the source of the great conflicts between individualism and collectivism in history. The entire historic process appears as a continuous war between these two tendencies in man's soul, struggling for supremacy. Therefore, the interpretations of this process are either individualistic or collectivistic.

At the dawn of history, when man thought in mythological terms, the individualistic conception of the historical process expressed itself in polytheism, with its frolicking gods and goddesses reigning supreme. When man began to think in religious, Biblical, and ethical terms, the individualistic conception of history expressed itself in the ideal of the Messiah, the religious and ethical superman reigning supreme and imposing justice upon an evil world.

At a later period, when man, at least in the classical world, had learned to think in intellectual terms, the individualistic conception of history found its expression in Plato's ideal of the philosopher-ruler. But with the consolidation of Christianity, when man became theologically orientated, the individualistic conception of history expressed itself in St. Augustine's theory of predestination, the few predestined to eternal grace and the many to everlasting damnation.

When the theological energies of the Middle Ages had spent themselves, and the light of the Renaissance broke,

the individualistic conception of history was symbolized by the ideal of the universal man with his diversified mind, of which Leonardo da Vinci is the apotheosis. Out of the diversified mind of the universal man of the Renaissance came a new cosmology, a new sociology, and a new anthropology, culminating ultimately in the mechanistic conception of the universe, a mechanistic conception of society and of man. Delametrie and Holbach are the foremost representatives of this world picture.

The first scientific reaction to this weltanschauung came with Darwin, whose theory of the selective process and survival of the fittest became the motive power of Nietzsche's superman. In Nietzsche the individualistic conception of history finds its most powerful expression during the nineteenth century. For many decades Nietzsche's superman ideal was one of the dominating forces in western art and literature. Ibsen's drama is as much a reflex of Nietzsche's concept of history as is Hauptmann's *The Weavers* reflects the Marxian collectivistic conception of history.

Nietzsche's superman is an abstraction and not a specific figure, ruler, artist, or scientist. He did not define who the superman was. Therefore, the great German writers and thinkers during the first third of the twentieth century, especially Oswald Spengler in his *Decline of the West*, identifies Nietzsche's superman with the superpolitician. The fanatic Nazis went a step farther and reduced this political superman to a figure symbolized as a Führer who is supreme and who must be the leader of society. The Nazi state therefore emanates from the personality of the superman, the superpolitician, the Führer, Adolf Hitler. He becomes the totalitarian and authoritarian despot who organized the state and tells every human being in Germany what he must do. This is my conception of the historic evolution of the development of the individual from mythological times in primitive days to the modern superpolitician, the superman glorified by Germany as its Führer—Adolf Hitler. [Applause.]

Mr. PATRICK. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Alabama.

Mr. PATRICK. I want to pay tribute to the very instructive address that has been so splendidly delivered by the gentleman. May I ask the gentleman to state how much weight may be given to the press reports with reference to an apparent realignment in the political activities of Hitler toward the group that he left out a few days ago by reincorporating those that had not been so high in government. I ask the gentleman the significance of that because I am unable to comprehend it fully.

Mr. SIROVICH. I do not care how many alignments may be made with or by Hitler. Any realignment made by the German despot today can only mean a reshuffling of forces in his favor, and must spell added peril to peace. The general impression is that recent events in Germany will intensify Germany's participation in the Spanish war leading to more bombings of open cities. In addition it will greatly affect the security of the great democracy, Czechoslovakia, the safety of Austria and Hungary and ultimately the peace of Europe. In his despair over his tragic economic problem, Hitler may go to any length to save himself, even at the expense of a world war. [Applause.]

Mr. BARRY. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from New York.

Mr. BARRY. The gentleman in condemning nazi-ism and Hitler, and I agree with him, points out that Hitler is a ruthless dictator, that he is intolerant of religion and would mold religion according to his own way of thinking into a state form. The gentleman further states that Hitler stifles all civil liberties, civil rights, the freedom of the press, and everything that we as a democracy stand for.

I should like to ask the gentleman, Is there any essential difference between the condition existing in Germany and the condition that exists in Russia, where, in my opinion, Stalin is just as much of a ruthless dictator, where religion is not tolerated, and where, like the Nazis have, there is only one party tolerated, the Communist Party? I should like to hear the gentleman say something about that. I have

not heard him touch on that matter. I would like to have him tell us whether or not there is any essential difference and whether or not those two types of government are equally repugnant to the democracy under which we live.

Mr. SIROVICH. Several years ago I rose on the floor of the House and spoke for 1 hour on the subject of democracy versus communism, which brought about a congressional investigation of communism headed by Congressman FISH. I expressed myself at that time as an opponent of communism and everything it stands for and particularly against its religious persecutions and oppressions.

This time I am concerned with the destructive tendencies originating in western civilization and culture, in contradistinction to communism which is of eastern origin. The democracies I would like to see preserved, as I have stated heretofore, are of the type of England and France, which represent the first line of defense in preserving constitutional democracy in the United States. [Applause.]

Mr. BARRY. The gentleman has been discussing the Spanish situation and has pointed out the terrible economic conditions which have brought about this war, according to his way of thinking. I am not familiar with it particularly. I am more interested in what is going on in this country. I am not fighting the Fascists or Communists throughout the world, about which some of my colleagues seem to be disturbed. However, occasionally I buy the Daily Worker, which is the Communist organ in this country. It seems to me that that paper is greatly interested in the so-called Loyalist side, to which the gentleman refers, as constituting the democratic mind. I know, as a fact, that the activities of the Loyalists over a period of years have not been above criticism. I am not speaking for Franco or the Loyalists. I know they have murdered priests, I know they have murdered nuns and that they have destroyed churches. I know they are just as intolerant as Franco. My conclusion is, and I am not alone in this feeling, that the so-called Loyalists or democratic Government of Spain is dominated by communistic influences. I cannot see the gentleman's position in justifying and comparing this form of democracy to the form of democracy under which we live.

Mr. SIROVICH. Let us for the sake of argument examine the two groups that are fighting in Spain, the Loyalists and the Insurgents. On the Insurgent side, are 25,000 German Nazis who are fighting the Catholic Church and everything that pertains to religion in Germany. Are we to believe that they came to Spain to fight for Christianity. On the same side are 50,000 Mohammedan Moors, who for centuries have been among Christianity's most bitter enemies. Are they, too, fighting in Spain for Christianity? In addition there are some 125,000 Italian Fascists on the side of Franco. These are foreign Hessians no better than the German Hessians who fought on the side of the British during the American Revolution. These soldiers have no right to be fighting in Spain, for their governments have not declared war against Spain. But these foreign legions in Spain are helping to impose a Fascist-Nazi regime upon the Spanish people, leading to the destruction of freedom of religion, speech, and press. Not only have they destroyed the loyal Basque Catholic Church, but every type of religious, political, or intellectual opposition.

Now let us examine the Loyalist side. The Loyalists are composed of a conglomeration of several groups. The first is composed of the Right and Left Republicans, whose political ideologies resemble those of our own Democrats and Republicans in this country. The second is the Socialist, composed of many shades of collectivist opinion. These Socialists are similar to those who ruled France until last summer. The third is a group indigenous to Spain only and they are the anarchists and syndico-anarchists of Catalonia, who, in principle, at least, oppose government in any form and are given to political violence. This group is violently opposed to the Communists, because they themselves represent extreme individualism, whereas communism represents extreme collectivism. When the civil war broke out Spain had only some 50,000 Communists out of a population of 25,000,000.

When the revolution broke out and the army revolted the Communists and anarchists tried to seize control and naturally committed grave excesses. I am the last person to condone violence and crime regardless of who commits them. As 90 percent of the Spanish military and peace officers joined Franco, the civil authorities on the Loyalist side were for a time powerless to cope with the situation. But the moment the Loyalist government consolidated its position, law and order were restored and anarchist and Communist lawlessness was suppressed and punished. For over a year no reports of violence and lawlessness in republican Spain has reached the outside world. It appears evident that civil life in republican Spain is more or less normal today. I can only hope that out of the bitter struggle in Spain there will come a form of government and a social and economic order based on democracy and justice, freedom and liberty. I need not tell you that I am as opposed to the fascism of the Right as to the fascism of the Left. I am in favor of democracy, rather than the form of government that has prevailed in Spain. [Applause.]

Mr. BARRY. The gentleman has not answered my question. I appreciate the gentleman's description of the various groups that make up the united front in Spain, but I want to ask the gentleman if he does not believe and does not know that Communist Russia has sent emissaries to Spain and is supplying Spain with arms and soldiers.

Mr. SIROVICH. May I answer my distinguished friend, for whom I have a great personal affection and whom I respect, that within the last 24 hours I have reviewed the figures, and I find there are 5,000 Communists fighting in Spain today on the side of the Loyalists. The foreign volunteers on the side of the Loyalists form but 2 percent of their entire fighting force—98 percent being Spanish. While on the Insurgent side 35 percent of the fighting force are foreigners and only 65 percent Spanish. I hope that my distinguished friend from New York is not unfamiliar with the tactics of certain reactionaries who seek to discredit their opponents by labeling them Communists. Was not President Roosevelt painted red by the reactionary press during the last Presidential campaign? And did not the same thing happen to Mayor LaGuardia last fall? Are we forever to be frightened by the red herring?

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Texas.

Mr. McFARLANE. I appreciate the splendid address the gentleman is making, and I wonder if he would define the monarchomacho movement?

Mr. SIROVICH. The monarchomachic movement represented the political philosophy according to which the relationship of the ruler to the ruled was regulated by a contract or pact. If the ruler was found to have violated this pact, revolution was justified. This theory was the background of Rousseau's Social Contract. In inquisitorial Spain, however, a different meaning was given to this movement. The reactionary Spaniards interpreted the monarchomachic movement in the sense that if a ruler tolerated nonconformity or is a nonconformist himself it is a meritorious deed to assassinate him. It is of interest to point out that it was upon the basis of Rousseau's Social Contract as understood by the liberal adherents of the monarchomachic movement that Jefferson, Madison, and others wrote the Declaration of Independence and brought about the political severance of the American people from the rule of Great Britain. The people of Great Britain believed in the divine right of kings, whereas the American people believed in the sovereign right of the people. [Applause.]

Mr. STACK. Mr. Speaker, will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Pennsylvania.

Mr. STACK. I, too, want to congratulate the gentleman on the wonderful address he has delivered in regard to the Spanish Inquisition. May I ask the gentleman if the church's attitude was expressed or implied, and what was the attitude of the Roman Catholic Church?

Mr. SIROVICH. May I say to my distinguished colleague that I believe the Catholic Church for the 2,000 years it has existed has been the greatest institution in the world to develop culture, learning, and civilization. However, the kings who rose to power in Europe took the garb of the church to exploit the people. Many popes from Pope Sixtus IV on denounced such conduct and stated that the church had nothing to do with it and wanted no part of it. The Catholic Church, therefore, deserves the greatest esteem and respect of every honorable man for being interested in the welfare of the common people instead of in tyrants like Torquemada. [Applause.]

Mr. STACK. Following that question and answer, I have another question. Has the church, today, expressed an attitude toward the present trouble in Spain?

Mr. SIROVICH. Not that I know of.

Mr. STACK. I must dispute that statement because I think it has.

Mr. SIROVICH. Will the gentleman state where such a statement may be found?

Mr. STACK. I do not know whether I could tell the gentleman exactly where I found it, but it is universally acknowledged among my people that we should mind our own business here and let the people in Spain take care of themselves over there. If the insurrectionists or the rebels want to fight, let them fight over there, the same as we did here in 1776 when the rebels had to win. I, personally, think that the present so-called Loyalist government in Spain is not a government at all, but is allied with Russia and Japan while the rebels are fighting in Spain for an honest, decent government.

Mr. SIROVICH. Let me answer my distinguished friend by stating that this morning in the New York Times I read of the courageous, distinguished, and lovable Cardinal Faulhaber, of the Catholic Church in Munich, Germany, who arose and denounced Adolf Hitler for having closed and destroyed most of the parochial schools in Germany and persecuted the German Catholics in many ways. To such charges Hitler defends himself by stating that the Catholic Church in Germany is part of a communistic organization and therefore should be denounced. I am sick and tired of hearing this imaginary "red" monster being pulled across the trail every time someone is anxious to blackmail, browbeat, and discredit his opponent. I am tired of hearing the charge that every liberal movement is allied with communism. [Applause.]

Mr. STACK. Please keep Germany out of it and stick to Spain.

Mr. SIROVICH. But Germany is in Spain and cannot be kept out of this debate. And please do not compare the German intervention in Spain with the aid extended by liberty-loving foreigners to the cause of the American Revolution. You know that it was the French under Lafayette who came here to help us establish our democracy. [Applause.] It was Rochambeau who came along to help us in our great hour of need, as well as Count Pulaski and Count Kosciuszko. Baron Frederic Wilhelm von Steuben, the brilliant strategic disciplinarian, came over from Germany to organize the Foreign Legion of Germans, Poles, and French to help us fight for democracy. Were these men alive today they, too, would be called Communists by the European Fascists.

Mr. STACK. Give us something about Jack Barry.

Mr. SIROVICH. John Barry was a distinguished Irish-American naval officer who enlisted in 1776 and was the first to capture one of the great British vessels in that historic conflict. He accompanied General Lafayette back to France and was made commodore in the United States Navy, and by many great Americans it is believed that he should have been the first admiral of the United States Navy instead of John Paul Jones.

During the Revolutionary War a foreign legion under General Pulaski, which was formed in Pennsylvania, marched southward through Pennsylvania, Maryland, Virginia, North and South Carolina, and in the Battle of

Savannah he was wounded, died and was buried at sea. We find also Count Kosciuszko, a great Polish engineer of his time, who built West Point and who fought against Burgoyne. These liberty loving men were animated by the highest ideals of freedom and came over here to aid the cause of freedom.

Let not our religious feeling blind our historical perspectives and distort our political ideals. I believe in religious freedom for every faith. I believe that the religion of the individual is largely an accident of birth, and men and women are members of a particular faith because they were raised in that faith. To hate or to hold one's fellow man in contempt because of his religious views and convictions is entirely un-American.

Our American democracy is an example to the world in matters of religious and racial tolerance. Under the flag of the United States there dwell together peacefully, men and women of all races, colors, and creeds. Yet all are animated by one ideal and inspired by one great motive—the ideal of liberty for all. This is the great source of strength of America.

We cannot better guard and protect this source of strength than by encouraging true democracy everywhere and by discouraging such sinister forces as nazism, fascism, francoism, and communism.

The citizens of our republic come from many climes and have been loyal to many flags. But in America we are one people and owe allegiance only to the American flag. The ideals which this flag represents are the essence of my spiritual life and I am ready to die for it should any nation in the world attempt to destroy it. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. SOUTH. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting an address delivered by my colleague, Hon. J. BUELL SNYDER, before the annual convention of the Pennsylvania State School Directors' Association February 2, 1938.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

TRADE AGREEMENTS

The SPEAKER pro tempore (Mr. BIGELOW). Under the previous order of the House, the gentleman from New Jersey [Mr. SEGER] is recognized for 15 minutes.

Mr. SEGER. Mr. Speaker, since Congress passed and President Roosevelt signed the so-called Reciprocal Trade Agreement Act in 1934 the State Department has negotiated 16 agreements with foreign nations involving an import-export trade of \$2,500,000,000. Within the past few weeks our State Department opened negotiations for a trade treaty with Great Britain the magnitude of which indicates a complete revision of our tariff structure.

One thousand separate commodities which the United Kingdom sells in the United States are slated for consideration, and, by the same token, the State Department treaty negotiators, under terms of the Reciprocal Trade Act, may grant tariff concessions on any or all of these items. My purpose in speaking today is to warn this Congress and the Nation that with the conclusion of this trade agreement a major portion of the 1930 Tariff Act will have been rewritten, and to warn the negotiators of this treaty that the American people will not stand idly by and permit the idealism of our low-tariff associates to interfere with the principle of protection which for a century has safeguarded the American standard of living from the encroachment of cheap foreign products.

My home State of New Jersey has a greater diversity of industry than any other State in the Union, and my district is in the heart of this industrial area. Almost every manufactured article, the duty on which may be lowered under the

terms of this trade treaty with Great Britain, is made in New Jersey. We have a big stake in this latest international move and we do not propose to permit lowered tariffs on our manufactured goods to further depress an already serious living problem without giving voice to every protest at our command.

During the past 3 months, this country has experienced the sharpest business recession in recent history. In this short time, the President told us last week, the ranks of the American jobless had been increased by 3,000,000. It is impossible to reconcile the logic of pursuing a downward revision of the tariff during a period of domestic recession. Our problem of recovery is definitely one of stimulating the production and marketing of goods in our own market. And yet the immediate effect of this trade agreement can be nothing but uncertainty. Lowering the tariffs protecting basic American industries, such as cotton and wool textiles, machinery, chinaware, and leather, threatens the jobs of hundreds of thousands of workers; it presages a flood of foreign-made goods; it disrupts our domestic markets. Future benefits are problematical and certainly not rapidly forthcoming. This trade treaty, striking as it does at the livelihood of American workers and at the ability of American manufacturers to meet foreign competition, threatens an upheaval in our domestic economic structure which should be avoided at all cost.

It has been brought to my attention that the list of commodities to be considered for tariff concessions under the trade agreement with Great Britain includes all articles made wholly or partly of wool. New England and New Jersey are the principal manufacturing centers of wool textiles in the United States. The value of wool textiles in New Jersey alone exceeds \$52,000,000 annually. Twelve thousand wage earners depend on this industry for their living.

In 1937, 167,000 persons were employed in the woolen mills of this country and the products of their labors were valued at \$711,000,000. This industry, moreover, provides practically the sole market for wool and mohair produced in this country. The existence of the wool textile industry is essential to the maintenance of wool and mohair growing in this country since our growers cannot compete in the world wool market.

You all know the serious economic situation that has beset all branches of the textile industry for several years. Not long ago cotton textile workers engaged in one of the greatest strikes in the history of our country. The struggle for existence in this industry has been intense. Workers have striven for higher wages commensurate with the American standard of living. Manufacturers have been able to grant improved working conditions only because they have been in a measure protected from cheap textile imports from England, Japan, and other countries.

I dare say—and my opinion is borne out by letters I have received from manufacturers—that any reduction in the already inadequate protection afforded the American textile industry from cheap imports would doom this industry to practical bankruptcy. It would cause thousands of workers to lose their jobs. One large manufacturer told me that if the tariff protection afforded domestic-made woollens were reduced, his mill, employing approximately 5,000 workers, might as well close up and convert its sales staff into importers of English-made woolen goods.

Delegates to the National Wool Growers Association meeting in Salt Lake City late last month went on record as opposed to the principle of trade treaties in general, and specifically demanded no reductions in the protective tariffs on woollens and worsteds.

Parenthetically, I want to speak of a smaller industry, which, however small, is the support of several thousand persons in my district. This is the handkerchief manufacturing industry. This industry took a slap under the terms of the trade agreement with France. Now there is the prospect in the British agreement of a further cut in duties protecting this industry from cheap foreign manufactures.

I could go on indefinitely with the list of products scheduled for consideration and for possible tariff cuts. The

extent of this proposed tariff change is staggering. The few moments at my disposal make it possible for me to mention only a few of the more pertinent items affected and to take a few moments to warn against hasty and inconsiderate action.

My attention has been called, too, to the fact that while the State Department is busily engaged in rewriting our tariff policy, the Federal Trade Commission is delegated to make a study of the wage scales and costs of production in foreign lands. How, possibly, can the State Department intelligently draw up new tariff schedules without full and authentic information on these costs? Our protective tariff is based on the theory that it must protect high American wages from goods manufactured by penny-paid workers across the seas. Without this information, the trade-treaty negotiators can only guess at the differences between costs of production in competing countries and our own. I maintain, gentlemen, that this country should not negotiate any new tariff agreements until the Federal Trade Commission has placed this absolutely necessary information in the hands of the State Department.

There is another angle of this Anglo-American trade agreement that deserves greater attention than it has received to date. Under the most-favored-nation terms of the trade treaties, any reductions made under the British agreement would result in increased imports not alone from the United Kingdom, but from more than 50 other nations, including Japan. The shocking thing about this situation, I am informed, is that nothing whatever is given in return for the benefits we extend these favored nations. Only a year ago mounting imports of Japanese goods brought forth cries for assistance from the textile industry. Markets were being ruined at an alarming rate by imports of oriental-made goods. A so-called gentlemen's agreement was concluded with Japan, but it is my understanding that the results of that agreement were far from what this country expected. What, may I ask, would be the result of a further cut in textile duties?

Further, England does not need a reduction in our tariff to gain access to the American woolen goods market. The United Kingdom already has access to that market in an alarming degree. Although the Tariff Act of 1930 increased the protection on piece goods, the years 1936 and 1937 have demonstrated that the present rates are inadequate to protect the American workingman and the American textile industry, because importations of wool fabrics from England during those years increased rapidly—increased, that is, in 1936 by 40 percent over 1935, and in 1937 by 70 percent over 1936.

Another way to illustrate the need for maintaining the tariff rate on woollens is to compare the average wages of the American and British wool-textile worker. In 1930, the average hourly earnings of the worker in an American woolen and worsted mill were 46 cents. That is the year the last tariff act went into effect. The average hourly earnings of the British woolen and worsted-mill worker that year were 20 cents. But—and note this—the average hourly earnings of the American millworker rose in 1937 to 59 cents, while the wage of the same British millworker remained where it was in 1930, at 20 cents. In other words, while the British mill owner was paying the same wage to his worker in 1937 that he paid in 1930, the American manufacturer paid 13 cents an hour more. Wages in this country now stand three times the wages for the same workers in Great Britain. In addition, operating costs of the American manufacturer mounted with improved working conditions, with social-security taxes, and heavier operating expense. All this was accomplished while the tariff protection against foreign-made woollens remained the same.

These are but a few of the factors that make it imperative we continue adequate protection for the American workingman and for American industry by means of our time-tried and successful system of tariff protection. Stimulate world trade if you can, I say, but do not do it at the sacrifice of the American worker's pay envelope, or at the expense of the

ability of the American industry to keep its workers employed at a living wage.

We have the word of Great Britain's Chancellor of the Exchequer, Sir John Simon, that he will not allow anything in the new British-American trade pact that will harm industry in that country. On January 29, Sir Simon said: "The British Government will not set its hand to a trade agreement with the United States that is detrimental to our trade." He declared his country would not be overcome by any friendly sentiments toward the United States or by any desire to promote an alliance between the English-speaking countries of the world by granting tariff concessions injurious to British manufacturers.

I only hope our own negotiators will show as good Yankee trading sense as does this Britisher. I only hope their eagerness to rush into world pacts for greater world trade will not tempt them to sacrifice the jobs of American workmen for a chimera of good will among nations. I hope they will not let our people down.

There is a further factor that I want to call to the attention of this House. This treaty with the United Kingdom will have no bearing on our trade with Australia. A large portion of the raw wool now used by our domestic manufacturers, which is not produced in the western part of our own country, comes from Australia. The State Department has indicated that a treaty with Australia is in the offing, but there has been no indication when it will be concluded. If we alter the tariffs on woolen goods coming in from Great Britain, we injure, desperately, our domestic woolen and worsted markets. But we add injury on injury unless there is some definite understanding as to the future policy with regard to tariffs on raw wool from Australia. I have a letter from a large manufacturer in my district urging that the wool tariffs all be considered at the same time. Unless this is done, there will be only hand-to-mouth buying of raw wool for many months with further loss of employment in domestic mills and harm to domestic wool growers.

This seems a reasonable request. I plan to present it directly to the committee on reciprocity information and I urge other Members of this House to do likewise.

Inasmuch as the Congress no longer makes the tariffs and does not review the pacts negotiated by the executive branch, it behooves us to warn our industries and workers to be on their toes and present the facts to our negotiators now as well as warn the latter we must not sell out any established and vital American industry such as is represented in our textiles. [Applause.]

Mr. Speaker, I withdraw my request to speak tomorrow.

The SPEAKER. Without objection, it is so ordered.

EXTENSION OF REMARKS

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that it may be in order any day after tomorrow to consider the joint resolution making an additional appropriation for relief purposes for the fiscal year ending June 3, 1938.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object. I appreciate the importance of this legislation, but I would like to have it understood, especially as the gentleman from New York [Mr. TABER] is not present in the Chamber at the moment, that when the bill is called up we will have ample time for discussion and consideration of the legislation.

Mr. RAYBURN. It is a very short bill, and if it can be passed during the day it will be entirely satisfactory to me.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a symposium of radio addresses delivered over the radio on Abraham Lincoln by myself and four other Members of the House.

The SPEAKER. Is there objection?

There was no objection.

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks and to include an address delivered by me on Abraham Lincoln's Birthday.

The SPEAKER. Is there objection?

There was no objection.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 558. An act amending acts fixing the rate of payment of irrigation construction costs on the Wapato Indian irrigation project, Yakima, Wash., and for other purposes.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 35 minutes p. m.) the House adjourned until tomorrow, Tuesday, February 15, 1938, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON RIVERS AND HARBORS

The Committee on Rivers and Harbors will meet Tuesday, February 15, 1938, at 10:30 a. m., to continue hearings on H. R. 8327, a bill to promote interstate and foreign commerce, to improve the navigability of the Lakes-to-the-Gulf waterway, and for other purposes.

COMMITTEE ON NAVAL AFFAIRS

The full Committee on Naval Affairs, House of Representatives, will hold a meeting Tuesday, February 15, 1938, at 10 a. m., for the consideration of a building program for the Navy. Very important.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, February 15, 1938. Business to be considered: Continuation of hearings on S. 69—train length. Railroad interests will be heard.

COMMITTEE ON THE JUDICIARY

There will be a hearing before Subcommittee No. 3 of the Committee on the Judiciary at 10:30 a. m., Wednesday, February 16, 1938, in the committee room, 346 House Office Building, on the bill (H. R. 8339) providing for the repeal of section 7 of the act entitled "An act to provide for the diversification of employment of Federal prisoners, for their training and schooling in trades and occupations, and for other purposes," approved May 27, 1930.

There will be a hearing before the Committee on the Judiciary on Wednesday, February 23, 1938, at 10 a. m., on Senate Joint Resolution 208, joint resolution relative to the establishment of title of the United States to certain submerged lands containing petroleum deposits.

There will be a hearing before Subcommittee No. 2 of the Committee on the Judiciary at 10 a. m. on Tuesday, March 1, 1938, on the bill (H. R. 8892) to change and modify the rules of procedure for the district courts of the United States, adopted by the Supreme Court of the United States pursuant to the act of June 19, 1934, chapter 651, by amending sections 412 and 724 of title 28 of the Code of Laws of the United States of America and by adding thereto sections 430B, 430C, and 430D, pertaining to pleading and practice in the district courts of the United States, who may sue and be sued, the selection of jurors, the appointment of court stenographers, and for other purposes. The hearing will be held in the Judiciary Committee room, 346 House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

SUPPLEMENT TO NOTICE OF HEARING DATED JANUARY 11, 1938

Under date of January 11, 1938, notice was advertised of the intention of the committee to commence hearings on February 23, 1938, at 10 a. m., in room 219, House Office Building, Washington, D. C., on the following bills, copies of which were enclosed with that notice:

H. R. 8595, relating to vessels engaged in whaling;

H. R. 8627, relating to inspection of fishing vessels;

H. R. 8778, relating to vessels engaged in the coasting trade and fisheries; and

H. R. 8906, an improved form of H. R. 8778.

The purpose of this notice is to advise that the consideration of H. R. 8627, relating to inspection of fishing vessels, has been indefinitely postponed, and accordingly hearings on this measure will not be had on February 23, 1938.

The hearings will be limited to H. R. 8595, H. R. 8778, and H. R. 8906.

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, Washington, D. C., on Tuesday, March 8, 1938, at 10 a. m., on House Joint Resolution 463, permitting the transportation of passengers by Canadian passenger vessels between the port of Rochester, N. Y., and the port of Alexandria Bay, N. Y., on Lake Ontario and the St. Lawrence River.

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, Wednesday, March 9, 1938, at 10 a. m., on the following bills: H. R. 9225, authorizing the appointment of 30 principal traveling inspectors by the Secretary of Commerce; H. R. 9368, authorizing the issuance of certain seamen's certificates by inspectors of hulls and boilers.

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, Wednesday, March 16, 1938, at 10 a. m., on H. R. 8251, relative to radio operators on cargo vessels.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1080. A letter from the Acting Secretary of the War Department transmitting the draft of a proposed bill to authorize the Secretary of War to acquire by donation land at or near Fort Missoula, Mont., for target range, military, or other public purposes; to the Committee on Military Affairs.

1081. A letter from the Acting Secretary of the Department of the Navy, transmitting a list of confidential contracts entered into during the year ending December 31, 1936, under the Vinson-Trammell Act of March 27, 1934; to the Committee on Naval Affairs.

1082. A letter from the Secretary of Commerce, transmitting a report that papers described in House Document 1677, Seventy-fifth Congress, third session, have been sold; to the Committee on the Disposition of Executive Papers.

1083. A letter from the Acting Postmaster General, transmitting the copy of a bill and report to provide for the purchasing of pneumatic mail tube systems in New York and Boston; to the Committee on the Post Office and Post Roads.

1084. A letter from the Acting Secretary, Department of Agriculture, transmitting part 6 of House Document 462, entitled "The Accident-prone Driver" (H. Doc. No. 462, pt. 6); to the Committee on Roads and ordered to be printed, with illustrations, as part of House Document 462.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KING: Committee on Immigration and Naturalization. H. R. 7780. A bill to amend an act entitled "An act relating to the naturalization of certain women born in Hawaii", approved July 2, 1932; with amendment (Rept. No. 1800). Referred to the Committee of the Whole House on the state of the Union.

LXXXIII—122

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DIMOND: Committee on Indian Affairs. H. R. 7990. A bill to extend the Metlakatla Indians' Citizenship Act; without amendment (Rept. No. 1801). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOYKIN: A bill (H. R. 9462) relating to the term of enrollment of company clerks in the Civilian Conservation Corps; to the Committee on Labor.

Also, a bill (H. R. 9463) authorizing a survey of the Tombigbee River, in Alabama, between lock and dam No. 1 and Sunflower Bend, and certain bordering territory; to the Committee on Rivers and Harbors.

By Mr. PATMAN: A bill (H. R. 9464) providing for an excise tax on retail stores; to the Committee on Ways and Means.

By Mr. CARTWRIGHT: A bill (H. R. 9465) to authorize a preliminary examination and survey of the Kiamichi River and its tributaries in Pushmataha and Choctaw Counties, in the State of Oklahoma, for flood control, for run-off and water-flow retardation, and for soil erosion prevention; to the Committee on Flood Control.

By Mr. COLLINS: A bill (H. R. 9466) to amend Veterans Regulation No. 1 (a), as amended, part 111, entitled "Payment of pension for disabilities or death not the result of service"; to the Committee on Pensions.

By Mr. COLMER: A bill (H. R. 9467) authorizing an appropriation for research and experimental work with tung trees, tung oil, and tung-tree products, and other drying oils by the Department of Agriculture, and the promotion of domestic and foreign trade in drying oils by the Department of Commerce; to the Committee on Agriculture.

By Mr. FLANNERY: A bill (H. R. 9468) to amend the act of May 13, 1936, providing for terms of the United States district court at Wilkes-Barre, Pa.; to the Committee on the Judiciary.

By Mr. FORAND: A bill (H. R. 9469) to provide annual salaries for postmasters of the fourth class; to the Committee on the Post Office and Post Roads.

By Mr. KNUTSON: A bill (H. R. 9470) to provide for the use in motor fuels of alcohol manufactured from agricultural products grown in the United States; to the Committee on Ways and Means.

By Mr. WALTER: A bill (H. R. 9471) authorizing the Secretary of the Navy to provide for the construction of a vessel to be furnished to the State of Pennsylvania for the benefit of the Pennsylvania Nautical School, and for other purposes; to the Committee on Naval Affairs.

By Mr. WHITE of Idaho: A bill (H. R. 9472) relating to certain entries for stock-raising homesteads; to the Committee on the Public Lands.

By Mr. LUECKE of Michigan: A bill (H. R. 9473) to amend the National Firearms Act; to the Committee on Ways and Means.

By Mr. O'NEILL of New Jersey: A bill (H. R. 9474) to reduce the rate of interest on obligations of home owners to the Home Owners' Loan Corporation to 3½ percent; and to allow the Home Owners' Loan Corporation to extend the period of amortization of home loans from 15 to 20 years; to the Committee on Banking and Currency.

By Mr. PALMISANO: A bill (H. R. 9475) to create a commission to procure a design for a flag for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. PIERCE: A bill (H. R. 9476) providing for the examination and survey of the Columbia River at The Dalles, Oreg.; to the Committee on Rivers and Harbors.

By Mr. SMITH of Washington: A bill (H. R. 9477) to authorize the reimbursement of the port of Vancouver,

Wash., for dredging work done in the Columbia River covered by project set forth in Rivers and Harbors Committee Document No. 81, Seventy-fourth Congress, second session; to the Committee on Rivers and Harbors.

By Mr. STEAGALL: A bill (H. R. 9478) to provide for the subscription by Reconstruction Finance Corporation of the stock of a corporation which is hereby created to finance self-liquidating public works which will create additional facilities for national defense, aid in air navigation, furnish employment for citizens now on relief, decrease unemployment, stimulate business recovery, and promote public safety, to define the powers and limitations of such corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. SUMNERS of Texas: A bill (H. R. 9479) to amend section 35 of the United States Criminal Code to prohibit purchase or receipt in pledge of clothing and other supplies issued to veterans maintained in Veterans' Administration facilities; to the Committee on the Judiciary.

By Mr. TAYLOR of Colorado: Joint resolution (H. J. Res. 596) making an additional appropriation for relief purposes for the fiscal year ending June 30, 1938; to the Committee on Appropriations.

By Mrs. O'DAY: Joint resolution (H. J. Res. 597) recognizing World Youth Congress as an important peace project; to the Committee on Foreign Affairs.

By Mr. MAVERICK: Joint resolution (H. J. Res. 598) authorizing the President of the United States to call an international conference to formulate measures for the reduction of armaments; to the Committee on Foreign Affairs.

By Mr. DOUGHTON: Concurrent resolution (H. Con. Res. 32) authorizing the Committee on Ways and Means of the House of Representatives to have printed for its use additional copies of the hearings on the bill for the "Revision of the Revenue Laws, 1938"; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 9480) granting an increase of pension to Amelia J. Kyle; to the Committee on Invalid Pensions.

By Mr. BOYKIN: A bill (H. R. 9481) granting a pension to J. C. Anderson; to the Committee on Pensions.

By Mr. CARTWRIGHT: A bill (H. R. 9482) for the relief of Eucl Caldwell; to the Committee on Claims.

By Mr. COFFEE of Washington: A bill (H. R. 9483) for the relief of Fred Siegel, Tacoma, Wash.; to the Committee on Claims.

By Mr. CULKIN: A bill (H. R. 9484) granting an increase of pension to Bertha Gates; to the Committee on Invalid Pensions.

By Mr. DEMPSEY: A bill (H. R. 9485) for the relief of James D. McCaffrey; to the Committee on Military Affairs.

Also, a bill (H. R. 9486) granting a pension to William R. Donaldson; to the Committee on Pensions.

By Mr. EICHER: A bill (H. R. 9487) granting a pension to May E. Neely; to the Committee on Invalid Pensions.

By Mr. LAMNECK: A bill (H. R. 9488) granting an increase of pension to Theresa C. Schaffer; to the Committee on Invalid Pensions.

By Mr. McFARLANE: A bill (H. R. 9489) for the relief of John L. Lasater; to the Committee on Claims.

Also, a bill (H. R. 9490) for the relief of the heirs of Lemuel J. Ward, deceased; to the Committee on Claims.

By Mr. O'BRIEN of Illinois: A bill (H. R. 9491) extending the benefits of the Emergency Officers' Retirement Act to Hugo J. Kulicek; to the Committee on Military Affairs.

By Mr. O'NEAL of Kentucky: A bill (H. R. 9492) for the relief of Charles T. Wise; to the Committee on Claims.

By Mr. PETERSON of Georgia: A bill (H. R. 9493) for the relief of John N. Crotty; to the Committee on Military Affairs.

By Mr. SHEPPARD: A bill (H. R. 9494) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of Ben White, Arch Robinson, Lee Wells, W. S. Wells, A. J. McLaren, A. D. Barkelew, Oscar Clayton, R. L. Culpepper, W. B. Edwards, the estate of John McLaren, the estate of C. E. Wells, and the estate of Theodore Bowen; to the Committee on Claims.

By Mr. SMITH of Oklahoma: A bill (H. R. 9495) for the relief of James Roubidoux; to the Committee on Indian Affairs.

Also, a bill (H. R. 9496) granting a pension to Annie Joyce; to the Committee on Pensions.

By Mr. TINKHAM: A bill (H. R. 9497) for the relief of the heirs of Thomas McGovern, deceased member of the National Home for Disabled Volunteer Soldiers; to the Committee on Claims.

By Mr. TOWEY: A bill (H. R. 9498) for the relief of Theodore R. Flohl; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4065. By Mr. BARRY: Petition of the Ozone-Tudor Civic Association, Inc., Ozone Park, N. Y., protesting against the importation of women's shoes from Czechoslovakia; to the Committee on Foreign Affairs.

4066. By Mr. BYRNE: Petition of the New York Legislature, memorializing Congress to enact any appropriate legislation which will prevent the punishment or destruction of persons accused, or suspected, or crime in any other way, or by any other authority, than by due process of law, etc.; to the Committee on the Judiciary.

4067. By Mr. COFFEE of Washington: Resolution of the Workers Alliance of Washington, Harold Brockway, secretary, and the King County Council of the W. A. W., James Riley, secretary, urging that the Congress repeal the Woodrum amendment by passing the Schwellenbach-Allen resolution and expand the Works Progress Administration to 3,000,000 jobs; to the Committee on Appropriations.

4068. Also, resolution of the executive board of the General Welfare Federation of Washington, Inc., pointing out the need for immediate ample Federal social security for the aged, coupled with economic recovery, and to that end urging early consideration and passage of House bill 4199, as is, but urging that if the original bill cannot be passed without amendments, the so-called Boileau amendments thereto be accepted in order to secure passage of the measure; to the Committee on Ways and Means.

4069. By Mr. CULKIN: Petition of the Women's Home Missionary Society of the First Methodist Episcopal Church, Grand Rapids, Mich., with 75 members, Edith Grettenberger, president, advocating the Capper bill (S. 1369) and the Culkin bills (H. R. 4738 and H. R. 13) antiliqor advertising measures; to the Committee on Interstate and Foreign Commerce.

4070. Also petition of the Women's Foreign Missionary Society of the First Methodist Episcopal Church, Grand Rapids, Mich., with 75 members, Edith Grettenberger, president, advocating the Capper bill (S. 1369) and the Culkin bills (H. R. 4738 and H. R. 13), antiliqor advertising measures; to the Committee on Interstate and Foreign Commerce.

4071. Also, petition of the Legislature of the State of New York, respectfully requesting the Senate of the United States to enact legislation which will prevent punishment or destruction of persons accused or suspected of crime in any other way or by any other authority than by due process of law and by a duly constituted court of justice; also urging each Member of Congress from the State of New York to use his best efforts in obtaining passage of the said legislation; to the Committee on the Judiciary.

4072. Also, petition of the United Photographic Employees, Local Industrial Union, No. 415, C. I. O., New York City, opposing enactment of the Sheppard-Hill bill (H. R. 6704); to the Committee on Military Affairs.

4073. Also, petition of Irma Brenon and other residents of Lowville, N. Y., asking rights as citizens and voters to be fully informed as to the present and future foreign policy of the United States; to the Committee on Foreign Affairs.

4074. By Mr. FITZPATRICK: Petition of the Bronx division of the American League for Peace and Democracy, opposing the passage of the Hill bill (H. R. 6704), better known as the industrial mobilization plan; to the Committee on Military Affairs.

4075. By Mr. FLAHERTY: Petition of the committee on Federal taxation and expenditures, Boston Chamber of Commerce, Boston, Mass., representing the position of that organization in connection with the proposed Revenue Act of 1938; to the Committee on Ways and Means.

4076. Also, petition of the Jeffries Point Improvement Association of East Boston, Mass., concerning reciprocal trade treaties; to the Committee on Ways and Means.

4077. Also, petition of the Boston Typographical Union, No. 13, Boston, Mass., protesting against the transferral to private concerns from the Government Printing Office of certain printing under the planograph method of reproduction; to the Joint Committee on Printing.

4078. By Mr. HART: Petition of the Jersey Coast Fisherman's and Clammers' Association, Inc., Toms River, N. J., urging that the present Congress of the United States be memorialized and requested to take the necessary steps to further the general improvement of the lighter-than-air facilities and equipment of the United States of America, particularly at Lakehurst, N. J.; to the Committee on Naval Affairs.

4079. By Mr. JARRETT: Resolutions of the Pomona Grange, No. 25, Mercer, Pa., opposing the Cummings firearms bill; to the Committee on Military Affairs.

4080. Also, resolutions of the Pomona Grange, No. 25, Mercer, Pa., favoring immediate enforcement of the Neutrality Act; to the Committee on Foreign Affairs.

4081. By Mr. KEOGH: Petition of the Merchants Association of New York, New York City, concerning pending tax legislation; to the Committee on Ways and Means.

4082. By Mr. LAMNECK: Resolution of Fred Klaass, clerk, Ohio House of Representatives, memorializing Congress to adopt the Universal Service Act (H. R. 6704); to the Committee on Military Affairs.

4083. By Mr. MAGNUSON: Resolution from the Board of County Commissioners of King County, Seattle, Wash., asking for the repeal of the Woodrum amendment, the passage of the Schwellenbach-Allen resolution, the expansion of the Works Progress Administration to provide work for 3,000,000 individuals, a relief grant to the States averaging \$15 per month for each case on the relief rolls, and requesting a deficiency appropriation for the balance of 1938 to take care of these requests; to the Committee on Appropriations.

4084. By Mr. MARTIN of Massachusetts: Petition of the New England Shoe and Leather Association, urging no concessions which would increase importation of shoes be granted by the United States in reciprocal-trade agreements; to the Committee on Ways and Means.

4085. By Mr. MEAD: Petition of the citizens of Lackawanna, N. Y., commenting upon the power of Congress to coin and regulate money; to the Committee on Coinage, Weights, and Measures.

4086. Also, petition of the citizens of Lackawanna, N. Y., commenting on the new Federal Housing Administration's program; to the Committee on Banking and Currency.

4087. By Mr. MERRITT: Resolution of the Manhattan Branch of the Women's International League for Peace and Freedom, strongly objecting to the Hill-Sheppard bill; to the Committee on Military Affairs.

4088. Also, resolution of the executive committee of the World Jewish Congress, requesting the secretary-general of the League of Nations to take cognizance of the extreme urgency and gravity of the situation in which the 758,000 Jewish citizens of Rumania now find themselves; to the Committee on Foreign Affairs.

4089. Also, resolution of the Legislature of the State of New York (concurred in by the senate), requesting that the Senate of the United States enact with all convenient speed any appropriate legislation which will prevent the punishment or destruction of persons accused or suspected of crime in any other way or by any other authority than by due process of law and by a duly constituted court of justice; to the Committee on the Judiciary.

4090. Also, resolution of the National Association of Tobacco Distributors of New York, pledging the wholesale tobacco trade in any constructive measures tending to stamp out unfair trade practices looking to restoration of prosperity; to the Committee on Interstate and Foreign Commerce.

4091. By Mr. PFEIFER: Petition of the New York Women's Trade Union League, New York City, concerning the Sheppard-Hill bill (H. R. 6704 and S. 25); to the Committee on Military Affairs.

4092. Also, petition of the United Photographic Employees, No. 415, New York City, concerning the Hill-Sheppard bill (H. R. 6704); to the Committee on Military Affairs.

4093. Also, petition of the Merchants Association of New York concerning amendments of the Federal tax laws; to the Committee on Ways and Means.

4094. By the SPEAKER: Petition of the Marine Park Civic Association, Inc., Brooklyn, N. Y., petitioning that the Floyd Bennett Field Airport, in the Borough of Brooklyn, city and State of New York, be designated as a Government trans-Atlantic and transcontinental airplane base and air-mail service station; to the Committee on the Post Office and Post Roads.

4095. Also, petition of the Unista Society, Philadelphia, Pa., petitioning consideration of their resolution concerning employment; to the Committee on Ways and Means.

4096. Also, petition of the Goshen Grange, No. 121, West Chester, Pa., petitioning consideration of their resolution with reference to business recovery; to the Committee on Ways and Means.

4097. Also, petition of the Alabama Jersey Cattle Club, petitioning consideration of their resolutions Nos. 1, 2, and 3 with reference to livestock and dairy industry; to the Committee on Agriculture.

4098. Also, petition of the Regular Veterans Association, Post No. 32, Antigo, Wis., with reference to House bills 8782, 8948, and Senate bill 947; to the Committee on Military Affairs.

4099. Also, petition of the Regular Veterans Association, Sawtelle Post, No. 2, West Los Angeles, Calif., with reference to House bills 8948 and 8782; to the Committee on Military Affairs.

4100. Also, petition of the Pennsylvania Society of Professional Engineers, Pittsburgh, Pa., petitioning consideration of their resolution with reference to highway work; to the Committee on Roads.

4101. Also, petition of the National Association of Tobacco Distributors, Inc., New York, with reference to unfair trade practices; to the Committee on Interstate and Foreign Commerce.

4102. Also, petition of the Kelley Ingram Post, No. 668, Veterans of Foreign Wars of the United States, Birmingham, Ala., with reference to House bill 9285; to the Committee on Pensions.

4103. Also, petition of the Maryland Historical Society, Baltimore, Md., petitioning Congress to save the United States frigate *Constellation* and station her at Fort McHenry as a just recognition of the prominent part that was taken by Maryland in founding the United States Navy; to the Committee on Naval Affairs.

4104. Also, petition of the United Federal Workers of America, Local 50, Washington, D. C., requesting consideration of the following bills (H. R. 9158, 8428, 9157, and 8431); to the Committee on the Civil Service.